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PATTERN BARGAINING IN THE
RUBBER INDUSTRY

DISSERTATION

Presented in Partial Fulfillment of the Requirements for
the Degree Doctor of Philosophy in the Graduate
School of The Ohio State University

By

Gordon William Ludolf, B.S., M.A.

* * * * * *

The Ohio State University
1964

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CONTENTS

ACKNOWLEDGMENTS .................................................................................. ii

LIST OF TABLES ............................................................................................ v

Chapter

I. INTRODUCTION .............................................................. 1
   Nature of the study ................................................................. 1
   Significance of the study ..................................................... 2
   Method of analysis ............................................................... 4

II. BACKGROUND: INDUSTRY AND UNION .......... 8
   The rubber industry ............................................................... 8
      Development and organization
      Market structure
      The union: background and development ....................... 19
      Bargaining relationships .................................................. 29

III. CONFORMITY TO THE PATTERN: WAGES . . . . 37
   Tire and tube producers ....................................................... 39
   Rubber footwear producers ................................................. 47
   Cumulative wage increases for entire period ................... 50
   Effects on wage levels ......................................................... 53
<table>
<thead>
<tr>
<th>Chapter</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>IV.</td>
<td>CONFORMITY TO THE PATTERN: QUASI-WAGES</td>
<td>56</td>
</tr>
<tr>
<td></td>
<td>Vacations</td>
<td>57</td>
</tr>
<tr>
<td></td>
<td>Holidays</td>
<td>61</td>
</tr>
<tr>
<td></td>
<td>Premium pay</td>
<td>66</td>
</tr>
<tr>
<td>V.</td>
<td>CONFORMITY TO THE PATTERN: WELFARE BENEFITS</td>
<td>72</td>
</tr>
<tr>
<td></td>
<td>Insurance</td>
<td>73</td>
</tr>
<tr>
<td></td>
<td>Pension and retirement programs</td>
<td>80</td>
</tr>
<tr>
<td></td>
<td>Supplemental unemployment benefits</td>
<td>86</td>
</tr>
<tr>
<td>VI.</td>
<td>ECONOMIC FORCES AND THE DEGREE OF CONFORMITY</td>
<td>89</td>
</tr>
<tr>
<td></td>
<td>Nature of the product</td>
<td>90</td>
</tr>
<tr>
<td></td>
<td>Geographic location and conditions of the labor market</td>
<td>95</td>
</tr>
<tr>
<td></td>
<td>Size of firm</td>
<td>106</td>
</tr>
<tr>
<td></td>
<td>Ability to pay: profits</td>
<td>112</td>
</tr>
<tr>
<td></td>
<td>General economic conditions</td>
<td>120</td>
</tr>
<tr>
<td>VII.</td>
<td>THE SCOPE OF BARGAINING</td>
<td>133</td>
</tr>
<tr>
<td></td>
<td>Joint bargaining by the Big Four</td>
<td>134</td>
</tr>
<tr>
<td></td>
<td>Company-wide bargaining</td>
<td>137</td>
</tr>
<tr>
<td></td>
<td>Local negotiations</td>
<td>146</td>
</tr>
<tr>
<td></td>
<td>A case for multi-dimensional bargaining</td>
<td>153</td>
</tr>
<tr>
<td>VIII.</td>
<td>SUMMARY AND CONCLUSIONS</td>
<td>156</td>
</tr>
<tr>
<td>BIBLIOGRAPHY</td>
<td></td>
<td>169</td>
</tr>
<tr>
<td>AUTOBIOGRAPHY</td>
<td></td>
<td>173</td>
</tr>
<tr>
<td>Table</td>
<td>Page</td>
<td></td>
</tr>
<tr>
<td>----------------------------------------------------------------------</td>
<td>------</td>
<td></td>
</tr>
<tr>
<td>1. Pattern Following for Wage Increases, Tire and Tube Producers</td>
<td>40</td>
<td></td>
</tr>
<tr>
<td>2. Pattern Following for Wage Increases, Rubber Footwear Producers</td>
<td>49</td>
<td></td>
</tr>
<tr>
<td>3. Pattern Following for Wage Increases, Cumulative Deviations, 1946-1960</td>
<td>52</td>
<td></td>
</tr>
<tr>
<td>4. Earnings and Income by Labor Market, Tire and Tube Producers</td>
<td>99</td>
<td></td>
</tr>
<tr>
<td>5. Population Characteristics by Labor Market, Tire and Tube Producers</td>
<td>101</td>
<td></td>
</tr>
<tr>
<td>6. Profit as Per Cent of Sales for Selected Tire and Tube Producers</td>
<td>116</td>
<td></td>
</tr>
<tr>
<td>7. Selected Data for Rubber Industry and General Economy</td>
<td>124</td>
<td></td>
</tr>
</tbody>
</table>
CHAPTER I
INTRODUCTION

Nature of the study

With the origin and growth of organized labor and the continued development of industrial organizations in our economy, the process of collective bargaining has also experienced significant changes. One of the important changes which has taken place in recent years and continues at the present time is the increasing centralization of the bargaining process, or the broadened scope of collective bargaining. The extreme form of such centralization is known as industry-wide bargaining. Although true examples of industry-wide bargaining are relatively few, there are a number of bargaining types which represent some form of centralization and may even result in virtual uniformity of contract provisions for an entire industry. One such type of bargaining that has gained importance in several major industries of the economy is "pattern bargaining." Under this arrangement, a key bargain is negotiated between the union and one or a few firms. This key bargain then becomes the "pattern" for negotiations with the remaining firms of the industry. To the degree
that all firms follow this pattern, the result will be uniform contract provisions for the entire industry.

This study presents a description and analysis of pattern bargaining as practiced by the rubber industry and the United Rubber, Cork, Linoleum and Plastic Workers of America, covering a fifteen-year period, 1946 through 1960. Specifically, three major questions have been of primary concern: (1) To what extent has pattern bargaining by the United Rubber Workers produced uniformity among contract provisions with firms in the rubber industry? (2) What factors determine the degree of conformity with the key bargain or pattern contract? (3) How does the scope of bargaining affect the ability to conduct effective negotiations for specific contract provisions?

**Significance of the study**

As previously stated, the process of collective bargaining has undergone changes in recent decades, with the development of "pattern bargaining" being one of the manifestations of increasing centralization. No longer can the bargaining process be regarded as simply the negotiations between a single employer and the representatives of his workers. As national and international unions have gained increasing power, attempts have been made, either by the union or the industry itself, to achieve greater uniformity of contract provisions among all firms in an industry. Such attempts for greater uniformity have been concomitant with broadening the scope of collective bargaining and greater
centralization of bargaining negotiations. This development has been strongly advocated by some, and strongly opposed by others. On the one hand, it has led to the charge that labor unions have become a giant monopoly which endangers our competitive, free-enterprise system. Unions are thus criticized for imposing a rigid pattern on all firms, regardless of the differences in labor-market and product-market conditions with which they are faced. Concern that more centralized bargaining will result in a greater number of strikes which affect the national welfare has led to various proposals in Congress in recent years to place a legal limit on the scope of the bargaining process. On the other hand, assertions have been made that the development of industry-wide uniformity is necessary in order to broaden the coverage of labor-management negotiations and to offset the increasing power of business organizations. It is also maintained that the quality of such bargaining will be superior to local bargaining, and that it will help to equalize the competitive position (at least with regard to labor) among all firms in an industry.

Recent conferences and studies suggest the need for more information, interpretation, and analysis of collective bargaining procedures. There are indications that existing trends toward centralization of the bargaining process, including pattern bargaining, will continue in the foreseeable future. If we are to have effective public policy, it is imperative that comprehensive study and analysis precede any legislation
in this regard. It also seems apparent that many of the existing practices in collective bargaining have been developed on a trial and error basis, and that both unions and management still have numerous unsolved problems regarding the scope of bargaining. If collective bargaining is to continue to be effective, it must be dynamic. Perhaps such studies will shed some light on the course of collective bargaining for the future—-not only in the interest of the parties directly involved, but in the interest of the general economic welfare.

The rubber industry has been selected for this study since it is one of the basic industries of our economy and is organized by a strong international union which uses pattern bargaining as a major technique. The rubber industry is also a good example of multi-dimensional bargaining with a combination of plant-wide bargaining, company-wide bargaining, and pattern bargaining on a national scale. An added feature is the fact that multi-employer bargaining was carried on with the "Big Four" (U.S. Rubber, Firestone, Goodyear, and Goodrich) in 1946 and 1947, but was discontinued after that time. Thus, the rubber industry has a number of characteristics which make it suitable for a case analysis relating to the scope of the bargaining process.

Method of analysis

The basic research for this study has consisted of an examination and analysis of contracts negotiated between the United Rubber, Cork, Linoleum and Plastic Workers of America and its locals, and the firms
in two divisions of the rubber industry--tire and tube division, and the rubber footwear division. The tire and tube division was an obvious choice since it is the basic part of the industry and the one in which the pattern is set and most closely followed. The rubber footwear division was chosen, upon the advice of union officials, as representative of other sectors of the industry. The number of contracts for the entire industry was simply too large for analysis, and there seemed to be no logical way of selecting contracts from the entire industry to get a representative sample. For these two divisions of the industry, all contracts (except a few which were not available) negotiated from 1946 through 1960 were examined. These contracts were made available by the international union.

For purposes of comparison and analysis, certain provisions of the contracts had to be selected. This was done on the basis of the importance of the provision and the practicability of making fairly definite comparisons. The following provisions were included: wage changes, vacation time allowed, holidays, premium pay, insurance programs, pension and retirement plans, and supplemental unemployment benefits. It is felt that comparisons among these provisions give an adequate picture of the degree of pattern-following or deviation.

In explaining why conformity or deviation may occur, insight has been gained from a number of personal interviews with the director of industrial relations of several rubber firms, particularly the Big Four.
Numerous discussions also were carried on with various union officials in order to get points of view from both parties.

In addition to these two primary sources of information, use has been made of several types of published material. Several excellent reports which deal with the centralization of the bargaining process have come from the Conference on Industry-Wide Collective Bargaining held in 1948 and published by the University of Pennsylvania Press. Along with more general writings concerning the nature of collective bargaining, a few studies have been made specifically relating to pattern bargaining. These include Levinson's study of bargaining in the automobile industry,\(^1\) Seltzer's analysis in the steel industry,\(^2\) and the Babson report of pattern bargaining for tire and tube producers and meat packers.\(^3\) These studies are all recent, and are useful in contrasting this type of bargaining as it is applied to different industries. Information with regard to the rubber industry as such has been obtained from several works which analyze American industries,


including that of Vance and the book by Alderfer and Michl. A recent report of the Rubber Manufacturers Association has also been helpful. The most comprehensive treatment of the development of the union for rubber workers is found in Roberts' _The Rubber Workers_. Pamphlets issued by the union on its twentieth and twenty-fifth anniversaries provided excellent accounts of union history and bargaining trends in the rubber industry. Published statistical data from such standard sources as _Moody's Industrial Manual_ and the Bureau of Labor Statistics have been utilized as an aid for analyzing and interpreting various bargaining relationships.

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CHAPTER II
BACKGROUND: INDUSTRY AND UNION

To a large degree, the present is a product of the past. In order to understand adequately the present bargaining relationships between the industry and union, it is necessary to survey the development of both and to understand the structural framework within which both operate. After making such a survey, this chapter will conclude with an attempt to examine the practice of collective bargaining in this industry and to trace the factors which led to the adoption of pattern bargaining as a major technique in the bargaining process.

The rubber industry

Development and organization. According to legend, Christopher Columbus, on a visit to the island of Haiti in 1492, was the first white man to come into contact with rubber. He supposedly noticed Indian boys playing a game with an elastic ball and brought some of the rubber back from Hispaniola to Queen Isabella. The rubber is obtained from a milky liquid known as "latex," which is tapped from the bark of a wide variety of tropical trees. Most natural rubber is the product of the Hevea brasiliensis, a tree that grows wild in the Amazon Valley.
A Frenchman named La Condamine, a member of an expedition to South America sponsored by the Paris Academy of Science in 1731, mentioned the "Hevea" trees, from which was obtained a liquid used by the Indians in making crude waterproof clothing, boots, and water bottles. Recent research indicates that the Incas of Peru, the Mayans of Yucatan, and the Aztecs of Mexico all used the rubber tree and its latex as a basic symbol in connection with religious ritual, the custom of sacrifice, and in sorcery and witchcraft. Even the game played with a rubber ball was supposed to have a religious connotation according to these recent studies.¹

Dr. Joseph Priestley, the English scientist who discovered oxygen, is generally given credit for applying the name "rubber" when he found the substance could be used to erase pencil marks. In 1823, an Englishman named Charles Mackintosh discovered that he could waterproof garments by putting a layer of rubber dissolved in coal naphtha between two fabrics. Another pioneer English manufacturer of rubber goods was Thomas Hancock who utilized rubber in the production of air pillows, mattresses, hose, waterproof mail bags, carriage tires, and numerous other products. A small rubber mill was built in Roxbury, Massachusetts, in 1832, the first American manufacturing plant to produce the same line of rubber articles as made in England.

The present rubber industry had its beginning in 1839 when an American, Charles Goodyear, discovered the vulcanization process after ten years of experimentation. Quite by accident, Goodyear brought a piece of rubber mixed with sulphur and white lead into contact with heat. The charred product had qualities of durability and elasticity superior to those possessed by crude rubber. Through this and later experiments, Goodyear obtained sixty patents relating to rubber processing. As these improvements were made in rubber technology, many new uses were found for the growing number of products.² From the time of the Civil War until around 1900, rubber found its chief use in the manufacture of boots and shoes, carriage tires, hose, belting, and mechanical rubber goods. The first really big market for rubber came with the development of the automobile; thereafter the growth of the rubber industry has closely paralleled the growth of the automobile industry.³

The first rubber factory in the United States was the previously mentioned Roxbury India Rubber Company, founded in 1832 at Roxbury, Massachusetts. Another plant was built in Springfield, Massachusetts, in 1841 to carry out Goodyear's idea following the discovery of


vulcanization. From this early start, it was somewhat natural that the industry should develop in this vicinity. New England at this time was the manufacturing center of the United States, having developed power facilities and possessing a skilled labor supply. Since New England and adjacent states were also the centers of greatest population, it was the natural market for the early products of the rubber industry--footwear, rubber clothing, and druggists' sundries.

Beginning about 1858 there was a development of rubber footwear factories in the state of New Jersey. The proximity to centers of population and seaports, the supply of labor, and plentiful water supply combined to make New Jersey a desirable location. The movement to the Middle West began around 1870 when Dr. B. F. Goodrich moved a rubber manufacturing plant to Akron, Ohio. This apparently was a fortunate choice due to the subsequent development of the automobile industry, although the deciding factor in this movement was probably the proximity of the carriage-making industry, to which rubber manufacturers supplied pneumatic and solid tires. Other factors which help to explain the concentration of the rubber industry in Akron include the transportation cost advantage, a source of labor supply exceptionally well skilled in tire manufacturing, and the fact that the main Akron factories led the industry in mass production methods and thus obtained a productivity differential. Goodrich was soon joined in Akron by a number of concerns, including Goodyear in 1898, Kelly-Springfield
in 1900, and Firestone in 1905. It is interesting to note that the giant of the industry at that time, the United States Rubber Company, frequently called the "rubber trust," was located in New Jersey and has never joined the other major producers in Akron.4

As the industry grew, manufacturing tended to be centralized in large plants at one location. However, during the 1930's there developed a move toward decentralization in order to obtain economy in distribution and to utilize new sources of labor. This resulted in the development of Los Angeles as a rubber manufacturing center and the opening of many factories throughout the southern and midwestern states. Companies which supply original equipment tires and other rubber goods to automobile producers have opened plants in Michigan and other states close to the automobile factories in order to reduce transportation costs and shorten delivery time.5

Along with the organizational development of the industry came significant developments in rubber technology. "Beginning around 1890, rubber really began to move industrially, technically, scientifically, economically, and politically."6 Until this time the production and use of rubber had not exceeded 20,000 tons per year. The price was

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5Rubber Manufacturers Association, loc. cit.

rather high and variable, due to the fact that rubber was a natural product harvested in remote jungles. From 1900 to 1910 the production of rubber increased considerably, but its price rose even more. Demand was spurred by the popularity of the bicycle in the 1890's and then by the development of the automobile. This demand and the high price led to a ruthless exploitation of all possible sources of wild rubber, fostered the growth of the plantation industry, and changed the trend of rubber research from an academic attempt to duplicate natural rubber to an effort to produce a practical substitute.

The period from 1910-1940 was characterized by tremendous strides in methods of production and quality of products. For the most part this development was an integral part of the development of automotive transport by land, sea, and air. By 1920 there was an abundant supply of high-quality plantation rubber; this permitted the rapid development of the automobile and airplane, which in turn created the increasing demand for rubber. This demand expanded from 100,000 tons in 1910 to over a million tons in 1940. Along with chemical developments came improved processing equipment, better construction, and better organization for production and distribution.\(^7\) Due to the cutting off of the supply of natural rubber during World War II, progress was accelerated in the development of synthetic rubber production. In 1941 only about 6000 tons of synthetic rubber were produced. However, 

\(^7\)Ibid., pp. 3-6.
the expenditure of $750 million by the government resulted in the con-
struction of fifty-one plants which were producing nearly 800,000 tons
of synthetic rubber by 1944. 8 Probably the greatest progress in syn-
thetic rubber utilization was made by the invention of the tubeless tire
which was introduced by B. F. Goodrich in 1948. Significant progress
in rubber technology has continued throughout the post-war period.

Market structure. The rubber industry is composed of over
fifteen hundred companies--large, medium, and small--which manu-
facture an estimated forty thousand products. The major segment of
the industry is the rubber tire division, which accounted for about
63 per cent of new rubber consumed in 1958. 9

The tire industry is "big business"--not only from the standpoint
of total volume of output but also from the standpoint of scale of opera-
tions, both physical and financial. Over the past several decades there
has been a trend toward large-scale operations in the tire industry;
this industry is now superseded in plant size only by the steel and airc-
craft industries. For example, the average number of workers per
establishment increased from 400 in 1921 to 2000 by 1954. This trend
toward fewer and larger plants is explained primarily by the increased


mechanization of the process which requires a huge amount of invested capital. Another explanation for the large-scale nature of the industry is the fact that most of the tire manufacturers are diversified and make a great variety of rubber products in addition to tires. The industry has a rather high degree of economic concentration; the "Big Four" producers account for about 75 per cent of the industry's products of all kinds, and around 60 per cent of the total output of tires. However, the rubber industry, including the tire division, has had such a rapidly expanding market that the smaller tire companies have prospered as well as the Big Four. In the areas of manufacturing and distribution there is considerable competition. Despite the fewness of tire manufacturers and the share of the market controlled by the "Big Four," competition has always been keen. In fact, it has been this intensive competition that has reduced the number of tire manufacturers since the beginning of the century from more than 300 to fewer than 30. Possibly because of the consequences of such intense competition, several attempts have been made by dominant groups to control the industry. As early as 1903 the Gormully and Jeffery Clincher Tire Association was formed to regulate the use of clincher patents. Later, several trusts, including the American Bicycle Company and the Rubber Goods Manufacturing Company, evolved into the huge United

States Rubber Company. But not all of the firms of the industry passively accepted the dominance of the trust.\textsuperscript{11}

Instead of price agreement which is generally found in market structures of this type, the rubber industry has been characterized by price cutting which at times resulted in cut-throat competition. Such competition occurred during the emphasis on mass distribution in the 1920's. Independent tire dealers pressed the tire companies for more favorable terms so that they could meet the competition from oil companies, auto-supply companies, and other mass distribution outlets. Numerous price cuts benefited the consumer but reduced profits for the tire companies and resulted in the failure of many independent tire dealers. To break out of the vicious circle of price cutting and falling profits, many tire companies established retail outlets of their own throughout the country. Apparently the industry is no longer as competitive as it was, but significant elements of competition still seem to be present. This is indicated in part by the earnings of the industry, which may be described as moderate.\textsuperscript{12} The ratio of profits to sales has been below that for all manufacturing industries in almost every year of the post-war

\textsuperscript{11} Vance, \textit{op. cit.}, pp. 314-315.

\textsuperscript{12} Ibid., pp. 313-314.
period, but the return on net worth has generally exceeded the all-manufacturing average since 1950.13

The tire market falls into essentially two major categories--the original equipment demand and replacement demand, the latter being the larger of the two. For example, in 1958 there were approximately 71 million tires sold for replacement, and 27 million for original equipment.14 The original equipment market is the more erratic and unpredictable, being affected by general economic conditions that influence the purchase of automobiles and other durable goods. Replacement demand, although not affected by the same factors, is also somewhat sensitive to general business conditions. However, changes in rubber prices seem to have little effect on the quantities of rubber consumed by the industry.15

As previously mentioned, one of the responses to competitive pressure has been forward integration through the establishment of retail outlets by the manufacturer. Firestone, Goodyear, and Goodrich have all followed this practice; however, the United States Rubber Company has not deemed it expedient to invest huge sums in such a


15 Vance, op. cit., p. 314.
highly competitive field. Instead, U.S. Rubber has become the most diversified of the rubber companies. Backward integration has been achieved through the holding of rubber plantations to supply the raw material. Aside from the attempts at trust formation in the first decade of this century, there seems to have been little collusive action among manufacturers and relatively few antitrust charges have been aimed at the rubber processors.\textsuperscript{16}

The most important activity of the rubber products industry has been the manufacture of automotive tires, but in recent years increasing diversification of production within the industry has reduced the relative importance of tire production. In 1929 roughly ten per cent of the total crude and reclaimed rubber consumed in the production of rubber goods went into the manufacture of non-tire rubber products; by 1958 this proportion had grown to about forty per cent. Measured by employment, in 1929 the tire and tube subindustry employed 55.8 per cent of the total number of wage earners in the rubber products industry, compared with 17.2 per cent for rubber footwear and 27.0 per cent for all other rubber products. By 1957 these proportions had changed to 35.7 per cent, 8.5 per cent, and 55.8 per cent respectively. The growth in the non-tire, non-footwear part of the industry has been four times as

\textsuperscript{16}ibid., pp. 314-315, 317.
rapid as for the total rubber industry. The greatest expansion has occurred in the field of mechanical rubber goods. 17

The union: background and development

Although the present organization of United Rubber Workers did not begin until 1935, numerous attempts to organize workers in the rubber industry had been made before that time. By 1889, when there were already 20,200 workers employed in the relatively new rubber industry, an effort to form a union of rubber workers had been attempted within the Knights of Labor. When the locals threatened to withdraw unless they were granted a charter for a trade district, the Executive Board of the Knights expelled them.

With the decline of the Knights of Labor, the rubber workers gravitated to the American Federation of Labor where they were organized into Federal Labor Unions. By 1900, the members of these Federal Labor Unions again sought to establish a national organization. Although objections regarding jurisdictional conflicts were raised by two other AFL unions (the Boot and Shoe Workers and United Garment Workers), the first national union of rubber workers was chartered by the AFL on November 6, 1902. The Amalgamated Rubber Workers' Union of North America, as the new organization was called, faced

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many obstacles. According to union sources, one of the first efforts to organize in Akron came to an end when the membership list and secretary's books were stolen, and the union members were promptly fired and found themselves blacklisted from further employment. Other tactics designed to curb union organization included giving wage increases, establishing company unions, and forming an employers' association dedicated to keeping Akron an "open-shop" town. This union probably never achieved a membership of much over 2000, and was defeated largely because of the failure of a strike at Trenton in 1904. While this strike was by no means the first effort to better working conditions, it was the first major strike in the industry fought on the issue of union recognition.

The defeat in Trenton led to the demise of the Amalgamated Rubber Workers; organization among rubber workers came to a halt and little was heard from them until 1913. By this time the scene shifted to Akron, the logical center of efforts to unionize. The six-week strike of rubber workers in the Akron plants in that year has much significance in the history of organizational efforts. It marked the first major conflict in Akron and focused attention on its newly acquired position as the center of the industry. It is also a landmark in the technique of strike breaking. Although it preceded by twenty years the

famous Remington Rand tactics of 1934, most of the main features of the Mohawk Valley Formula were employed. The 1913 strike in Akron also emphasized numerous grievances, especially opposition to the "speed-up," which were to become major sources of conflict between rubber workers and management. The strike had its beginning at Firestone, but eventually involved workers from all Akron plants; estimates of the number out on strike range from 15,000 to 20,000 workers. In spite of aid from both the American Federation of Labor and the Industrial Workers of the World, the strike was crushed by March 15, 1913, and Akron's position as an open-shop town was secure for another twenty years. The strike had even prompted Senator William Green to secure the creation of an investigating committee by the Ohio State Senate to look into the situation in Akron.

The Akron strike of 1913 was the second major setback suffered by the rubber workers in their early attempts to organize. The twenty-year period following it witnessed the growth and transformation of Akron into the rubber capital of the world and the rapid expansion of the tire industry. High wages as a result of the demands of World War I, and the scarcity in the labor market served to diminish the need for unionization. Rubber manufacturers sought to make working conditions more pleasant and expanded their welfare activities. Although free from

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any serious organization drives, this period still maintained the spark of life for unionization of rubber workers--both in the IWW and the AFL. 20

It was not until after the enactment of the National Industrial Recovery Act in 1933, which included a guarantee to the right of employees to organize into unions of their own choosing and to bargain collectively with employers, that trade unionism in the United States showed unmistakable signs of a genuine revival. With it came a tremendous influx of new members into the ranks of unions. The rapidity and nature of these organizing activities led to the formation of numerous Federal Labor Unions chartered directly by the American Federation of Labor. From June 1933 to October 1934 the AFL organized and chartered 106 Federal Labor Unions; 75 of these were organized in the rubber industry. 21

The AFL organizing drive in rubber was placed under the direction of Coleman Claherty, a member of the Boilermakers' Union. Claherty's job, while building the union in the rubber industry, was to protect the jurisdictional claims of the sixteen AFL unions, with hopes that some day all the Federal Labor Unions could be unscrambled and assigned to their respective craft organizations. In June of 1934 the AFL established a rubber workers' council. The FLU's were ordered

20 Ibid., pp. 79-81.
21 Ibid., pp. 93-94.
to surrender their skilled tradesmen and maintenance men to the various AFL craft unions and to surrender funds which had been collected from such craftsmen for dues and initiations. This move, along with the attempt by many employers to set up company unions, greatly weakened the organization of rubber workers.22

The opposition of the three major firms in Akron to recognition of the union was so firm that they refused to let the National Labor Relations Board conduct representation elections. Strike votes were taken by the three locals, and the unions demanded recognition, abolition of the company unions, and the maximum 30-hour work week. To avert a shutdown, the Secretary of Labor, Mrs. Frances Perkins, intervened and an agreement was eventually reached and signed. However, the employers subsequently maintained that the agreement was between them and Mrs. Perkins, and that there was thus no recognition of the union as such.23

The Federal Labor Unions in the rubber industry now found themselves in a demoralized position. The companies refused to recognize the union, locals were being stripped of their craft members, and the National Industrial Recovery Act--including Section 7(a)--was declared unconstitutional by the Supreme Court. A ray of hope came with the announcement by the Executive Council of the AFL that it would charter

22Thurber, op cit., p. 7.

23Ibid., p. 8.
a rubber workers' international union. Calls to the First Constitutional Convention of the rubber workers were sent to about sixty unions, but only twenty-six were represented at the convention which met in Akron on September 12, 1935. The function of the convention was threefold: (1) it was to receive its charter from the AFL; (2) it was to adopt a constitution; (3) it was to elect officers and plan a program of action. It was the election of officers which provided the most explosive issue of the convention. Refusing to allow William Green to appoint Coleman Claherty as the first president, the delegates insisted on the right to elect their own officers. After much debate, the convention elected Sherman H. Dalrymple as president, Thomas F. Burns as vice-president, and Frank Grillo as secretary-treasurer. The Executive Board, composed of six members plus the three general officers, were also elected at this organizational meeting. A constitution was adopted and the rank-and-file leaders obtained control of the rubber workers for the first time. These were the first steps which led the union into the ranks of the CIO which was formed in November 1935. But it was the limitations of the charter with regard to jurisdiction and potential craft union problems which finally brought them into the fold of the industrial unions. 24 An important strike at the Goodyear plant in Akron during February and March, 1936, has gone down in history

24Roberts, op. cit., pp. 136-140.
as the "first CIO strike," although the United Rubber Workers Union was not officially affiliated with the CIO at that time.\footnote{Thurber, op cit., p. 15.}

The primary task of the new United Rubber Workers International Union was to organize the unorganized workers of the rubber industry and to extend to them the benefits of collective bargaining. It was evident that organizers must be employed by the union. At the 1936 convention the District Council system was authorized for organizational, educational, and recreational purposes, with a District Organizer assigned to be in charge of each district. In answer to the suspension from the AFL, the convention also declared that the union's jurisdiction included all employees in and around the plants. During the year 1936-1937 a record number of new local unions (at least 90) were added to the rolls, including the first linoleum local. But the most important single victory, and one which had great impact on the union's future growth, was the signing of a collective bargaining agreement between Local 7 and the Firestone Company on April 28, 1937. This was the first real contract with a major rubber plant. At the 1937 convention President Dalrymple could report that the union numbered 134 local unions, 80 of these working under signed agreements, the other 54 having written memoranda or verbal agreements. Total membership at this time had reached seventy-five thousand.\footnote{Ibid., pp. 17-18.}
The period 1937 to 1939 was characterized by economic depression which resulted in twenty-five thousand URW members being laid off, labor strife to avoid wage cutting, and the move by the companies to start a decentralization program. With the opening of branch plants by the major rubber companies, new organizing drives had to be waged in diverse places to win representation rights. Often the URW organizers had to counter both employer hostility and aggressive competing campaigns from the AFL. At the 1939 convention, the URW had only 116 local unions in good standing. While 20 new locals had been chartered since 1937, 39 locals had been dissolved because of the effectiveness of the anti-union policies of the companies during the 1937-39 recession.

The period from September 1939 to the Fifth Annual Convention, held in Detroit in September 1940, marked the turning point in the growth of the union. During this period ten new locals were chartered and one was reinstated; organizational effort resulted in some 6400 new members and 3600 members who rejoined. However, to a large extent, the organizing campaign, limited by the "voluntary" contributions of individual locals, merely scratched the surface. Perhaps the most effective organizing aid was the increased employment and production resulting from the defense program. The drive to organize Goodyear met with success, but setbacks were experienced at the Firestone plant in Memphis and Goodyear's plant in Gadsden, Alabama. Despite these

27 Ibid., pp. 18-21.
accelerated organizational efforts, the number of strikes reached an all-time low.\textsuperscript{28} By June of 1941, the URW consisted of 145 local unions with a total membership of 78,503. Of these locals, 127 had signed contracts with their employers.\textsuperscript{29}

With the advent of World War II, a number of organizational and personnel changes were necessitated by the fact that several union officials were called to Washington to serve on various boards and agencies, and others decided to enlist in the armed services. The major change in top leadership came with the election of L. S. Buckmaster as vice-president to succeed Thomas Burns who was serving in the Office of Production Management of the National Defense Committee. President Dalrymple joined with other leaders of the CIO and AFL in giving a "No Strike" pledge to President Roosevelt shortly after the bombing of Pearl Harbor.\textsuperscript{30} Despite the early lay-offs which accompanied conversion, URW membership reached 100,000 for the first time by the 1942 convention. The roster of local unions rose to 162, as the URW aggressively pushed organizing work among rubber, cork, linoleum, and plastic plants, as well as the ordnance plants operated by rubber companies. The union achieved national

\textsuperscript{28}Roberts, \textit{op. cit.}, pp. 181-188.

\textsuperscript{29}Thurber, \textit{op. cit.}, p. 24.

\textsuperscript{30}Enforcement of this pledge proved to be quite difficult in a few instances. On one occasion Goodyear was taken over by the government in order to force the end of a strike.
prominence by leading off among all the labor unions with a joint Labor-
Management War Bond Drive, which was soon copied in many plants
throughout the nation. 31 A type of "permissive" bargaining was
carried on during the war, with the collective bargaining process being
closely supervised by the War Labor Board.

A chapter in the history of the URW came to an end on
September 14, 1945, when President S. H. Dalrymple read a letter
of resignation to the General Executive Board. This was almost
exactly ten years from the date of his first election as the URW's first
General President. Vice-President L. S. Buckmaster was then
given the official obligation as the new General President.

Post-war developments are covered by the period with which
this study is concerned, and will be discussed in later chapters. This
survey has sought to trace the beginnings and development of the
United Rubber Workers union in order to explain the environment
within which collective bargaining has taken place since World War II.
Although its formal organization did not occur until 1935, the URW had
become a well-established union by the end of the war, and could be
regarded not only as a powerful force within the rubber industry but
as a major union in the American economy.

31 Ibid., pp. 21-25.
Bargaining relationships

Having traced the development of the industry and the union which represents its workers, attention should now be given to the bargaining relationships between the two parties. Mature bargaining relationships did not develop spontaneously between labor and management in the rubber industry. The history of the bargaining process is filled with disagreement, struggle, and often violence. The union, on the one hand, had to meet a long history of "open-shop" employer opposition to union organization, and the mushroom growth of independent unions. The employer, on the other hand, had to adjust his conception of "free enterprise" to include consideration of a union committee, and the necessity of discussing and acting upon such mutually acceptable terms as might result from bargaining. The adjustment required both a practical and a psychological change.

The history of collective bargaining has revealed that bargaining in good faith requires a procedure which includes union recognition, negotiations for the purpose of arriving at a mutually acceptable agreement, and the embodiment of the terms of employment in a written signed document. Union recognition was not easy to achieve in the rubber industry, and some of the most violent struggles between labor and management have concerned this issue. Even before the formation of the United Rubber Workers international union, Federal Labor Unions in the rubber industry were faced with company refusal to recognize the
union as bargaining agent for its employees. In some cases this refusal precipitated strikes for recognition, and employers who did not already have company unions quickly organized them and gave preference to these captive organizations. Opposition to recognition of the union was so firm and inflexible that some firms refused to allow the National Labor Relations Board to conduct representation elections.

In regard to bargaining relationships, it is of interest to recall the Akron strike of 1913 and the techniques of strikebreaking which were employed. Most of the elements of the Mohawk Valley Formula which were employed in the famous Remington Rand case of 1934 are to be found in the Akron scene of 1913. Union leaders were branded as agitators, strikers were represented as a minority imposing their will upon the majority, demands of the workers were called arbitrary and unfounded, a citizens committee was formed to bring pressure upon the community to break the hold of the strike, vigilante activities were sponsored, and a back-to-work movement was started and the plants began to operate with strikebreakers. The 1913 strike also focused attention on numerous existing grievances. For example, for the first time, opposition was expressed against the "speed-up" which was to become a major grievance of the rubber workers. 32

Shortly after the beginning of the URW, workers in the rubber factories created the fashion of the "sit-down" strike, and found it an effective means for forcing reluctant management to settle grievances or even to give recognition to the union. The new technique was peculiarly effective in the mass production industries; where production is a continuous process utilizing a belt line, the cessation or break in the line has immediate and wide repercussions. A sit-down in one department could halt all output in a mass production plant, and strikebreakers could not be brought in to replace those who were sitting down.

The sit-downs, however, were of minor importance in the well-unionized industries that had a background of collective bargaining and where recognition had been obtained by the unions. The largest number of sit-down strikers quit in protest against the refusal of employers to grant union recognition. Although the sit-down technique became popular, representatives of the URW international union cautioned against the use of the sit-down because they felt that it undermined existing machinery for negotiating grievances and militated against establishing responsible union leadership. There is little doubt that the sit-down technique was overdone in numerous instances and thereby damaged the cause of responsible unionism. On the other hand, it made the companies appreciate the need for dealing with the accredited union leaders in order to establish procedures for orderly negotiations with the union. The evidence is clear that there were few sit-downs in
rubber plants which were engaged in collective bargaining with the union and had signed agreements with the local. In 1939, sit-down strikes were found to be an illegal occupation of property by the United States Supreme Court in the case of N.L.R.B. v. Fansteel Metallurgical Corporation.

Despite numerous difficulties and obstacles to effective bargaining relationships in the rubber industry, progress was soon forthcoming in the form of written agreements negotiated between labor and management. The Firestone contract signed on April 28, 1937, was the first negotiated with a major rubber plant. On the same day, Goodyear, Goodrich, and U.S. Rubber announced they had withdrawn financial support from their company unions. Goodyear was the last of the major rubber companies to sign a written contract with the union. Goodrich and U.S. Rubber signed their first contracts in 1938, but Goodyear did not do so until 1941.

As early as 1943, Harold S. Roberts concluded that collective bargaining in the rubber industry had passed beyond the recognition stage. Mr. Roberts wrote:

Since the industry operated on the open-shop principle for such a long time, the rapid stride of unionization and the wide acceptance of the principles of collective bargaining are remarkable. The rubber workers have accepted the responsibilities inherent in the bargaining process and have striven meticulously to observe their contractual obligations.

33Ibid., pp. 144-145.
To a large extent peaceful relations have replaced the resort to the strike. On the whole, the collective bargaining process has functioned smoothly, despite its late appearance in the industry. 34

During World War II collective bargaining was closely controlled by the War Labor Board. Wage increases were limited to the 15 per cent allowed by the "Little Steel Formula." The War Labor Board also allowed certain non-wage improvements to be written into the collective bargaining agreements. Union security was generally brought up to the permitted "Maintenance-of-Membership" provision, and gains were also made in holiday and vacation provisions. Among the rubber workers, high income levels were possible because of the long hours of work which provided considerable amounts of overtime pay as well as premium pay for work on the sixth and seventh days of the workweek. 35

Two important developments relating to the size of the bargaining unit and the scope of the bargaining process had their beginnings during World War II--industry-wide bargaining and company-wide bargaining. As early as 1941, the union had demanded company-wide bargaining from Goodyear, but was refused. During the war, the URW made significant advances in achieving uniform bargaining with the United States Rubber Company. Toward the end of the war, the URW was

34Roberts, op. cit., pp. 190-191.

pushing hard to establish industry-wide bargaining. The 1944 convention had voted in favor of corporation-wide agreements, and the General Executive Board had explored with the War Labor Board the possibility of the union advancing industry-wide wage demands. The union was most anxious to eliminate unwarranted differences in pay for the same type and amount of work.  

As the war came to an end, the General Executive Board adopted a Seven-Point Wage and Hour Policy, in September 1945. Negotiations on the Seven-Point Policy were opened with the U.S. Rubber Company, but late in January of 1946, the Executive Board notified the "Big Four" companies of the union's desire to negotiate with all of them at one time. Joint negotiations began on February 19, and an agreement was reached on March 2. This first free collective bargaining of the post-war period provided an 18.5-cent hourly wage increase, with 12 cents of this increase retroactive to November 1, 1945. The companies were unwilling to have this master agreement cover office personnel, plant guards, and sales and service personnel. Canadian locals were also excluded from this agreement, despite union efforts to the contrary.

Evidences of pattern-following are discernible in this first round of post-war negotiations. By June of 1946, 112 local unions outside the "Big Four" had won acceptance of agreements based on the union's Seven-Point Wage and Hour Policy. At this time a drive was begun for

36 Thurber, loc. cit.
the acceptance of uniform contracts—an objective which had been expressed at the first URW convention in 1936. As an important step toward securing uniform contracts, the General Executive Board, early in 1947, adopted a policy requiring all local unions to submit their contracts to the General President of the international union for approval before such agreements were to be signed. This procedure was later incorporated into the union's constitution and became the basis for the Contract Department in which all proposed agreements are analyzed prior to approval by the international union. At the 1946 convention, the union constitution was also amended to provide for the creation of an International Policy Committee. It was at this time that the practice of spearheading the union's drive for wage increases in bargaining between local unions at the "Big Four" plants was formulated.

In 1946 President Buckmaster directed all departments of the international union to intensify their efforts to bring about company-wide bargaining in the industry. The companies, however, were reluctant to move in this direction, with the exception of U.S. Rubber which began bargaining on a company-wide basis in December of 1946. The first company-wide agreement was signed in January, 1947. A second (and final) wage agreement negotiated jointly with the "Big Four" was signed in March of 1947.

Although the joint negotiations of 1946 and 1947 were used to set a pattern for the industry, it has been through company-wide
bargaining that the pattern has been established and followed since that time. As a rule, one of the "Big Four" producers is selected by the union to lead off in bargaining negotiations. With close communications among the "Big Four," a settlement by one is quickly followed by an identical settlement by the other three. The terms of the agreement negotiated with the "Big Four" then becomes the "pattern" for the rest of the industry. In so far as possible, the union seeks to win the same benefits in their negotiations with non-Big-Four producers. A more complete discussion of these bargaining practices as they exist at the present time has been included in Chapter VII.

This, then, is the background of the bargaining relationships with which this study is concerned. With a history of strong conflict, collective bargaining has become an accepted and integral reality in the rubber industry. It would appear that both the union and management have granted recognition and acceptance to each other, and have developed a feeling of respect both for the personalities involved and the functions performed by each party. This does not mean an absence of dispute and disagreement, nor the unwillingness to use legal means to bring force on the opposing party. But it does mean that a workable relationship has been established, based on mutual recognition and respect. Perhaps the bargaining relationships in the rubber industry might best be described as "power bargaining," with occasional instances of an "accommodation" relationship. It is within this context that the practice of "pattern bargaining" will be examined in the following chapters.
CHAPTER III

CONFORMITY TO THE PATTERN: WAGES

As previously explained in Chapter I, an analysis has been made of contract provisions for the years 1946-1960, in order to determine how much uniformity or divergence from the Big Four settlement has prevailed during these years. Two major divisions of the industry were selected for analysis—tires and tubes, and rubber footwear. The production of tires and tubes is basic in the rubber industry and dominates the industry in terms of employment and value of output; it is primarily in this area that the pattern for collective bargaining is established. Rubber footwear is also a major segment of the industry and was chosen to be representative of the non-tire-producing divisions of the rubber industry. This selection is based on the thesis that the conformity or divergence found in rubber footwear, and the reasons therefor, generally are similar to that found in the production of mechanical rubber goods, heels and soles, floor covering, drug sundries and toys, and other divisions of the industry represented in contract negotiations by the United Rubbers Workers of America. This does not necessarily mean that the conformity or divergence in rubber footwear would exist to the same extent in all other divisions of the industry. The choice of the rubber footwear division, made after consultation with officials of
the union research department, also was influenced by the fact that this is a fairly homogeneous and easily definable segment of the industry.

With respect to determining the pattern (as established by union negotiations with the Big Four producers) and analyzing the extent of pattern-following for wage provisions by the rest of the industry, it is the wage increase, rather than the absolute wage level, which has been used. The pattern itself is set in terms of the amount of wage increase, and not in terms of the wage level. Of course, it is entirely possible that some deviation from the pattern of wage increase may be due to differences in the wage level; such deviation will be noted wherever it appears to hold true. This comparison in terms of the wage increase removes the problem of trying to compare various jobs among different firms, since across-the-board increases are the general rule. However, in order to retain certain occupational differentials, certain groups of skilled workers may receive a greater increase than non-skilled workers. This necessitates the practice of setting aside part of the general increase in order to make adjustments for intra-plant inequities. In many cases, maintenance workers who receive hourly rates are provided an extra amount above the general increase, while incentive workers on production jobs receive only the general wage increment.

The acceptance of a contract change by any of the Big Four producers (Firestone, Goodrich, Goodyear, and U.S. Rubber) is
regarded as setting a pattern. Usually all Big Four firms negotiate virtually the same provisions within a short period of time; this produces a wage settlement which is identical in total amount, but with possible variation among firms and plants with respect to its distribution. The wage pattern generally includes only the monetary increase in wage rates, and does not include any fringe benefits. Here again, however, there are some exceptions in which the giving of certain supplemental benefits, such as pensions and insurance, may be a part of the wage pattern. For example, those firms which provide a smaller wage increase but include more supplemental benefits may, in certain instances, be regarded as having followed the wage pattern. It is not difficult to realize that these circumstances greatly complicate the problems of determining the precise pattern, and measuring the degree of conformity with or divergence therefrom.

**Tire and tube producers**

A summary of pattern-following for tire and tube producers with respect to wage increases is given in Table 1. It should be noted that wage negotiations are, as a general rule, conducted annually, whereas writing the collective bargaining contract for other provisions is usually done biennially, although there is some variation among local unions. For each year, all Big Four producers negotiated wage increases which were virtually the same; these increases are to be regarded as the wage pattern for the respective years. The number of plants listed in
### TABLE 1

**PATTERN FOLLOWING FOR WAGE INCREASES**

Tire and Tube Producers  
(Organized by URW)

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<tr>
<td><strong>Pattern Wage Increases</strong> (cents per hour)</td>
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<td>11.5</td>
<td>11.0</td>
<td>12.0</td>
<td>13.0</td>
<td>10.0</td>
<td>5.0</td>
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<td>14</td>
<td>15</td>
<td>13</td>
<td>8</td>
<td>16</td>
<td>15</td>
<td>12</td>
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<td>3</td>
<td>0</td>
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<td>3</td>
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<tr>
<td>Plants Less Than Pattern</td>
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<td>2</td>
<td>5</td>
<td>7</td>
<td>2</td>
<td>2</td>
<td>3</td>
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<td>0</td>
<td>3</td>
<td>0</td>
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<td>3</td>
<td>2</td>
<td>2</td>
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<td>1</td>
<td>1</td>
<td>0</td>
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<td>1</td>
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*a*Includes two firms that followed in 1951.

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<tr>
<td><strong>Pattern Wage Increases</strong> (cents per hour)</td>
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<td>12.0</td>
<td>6.2</td>
<td>15.0</td>
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<td>12</td>
<td>15</td>
<td>15</td>
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<td>Plants Exceeding Pattern</td>
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<td>2</td>
<td>1</td>
<td>1</td>
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</tr>
<tr>
<td>Plants Less Than Pattern</td>
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<td>4</td>
<td>2</td>
<td>3</td>
<td>2</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td>Slightly Less</td>
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<td>1</td>
<td>1</td>
<td>1</td>
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<td>0</td>
<td>2</td>
<td>0</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
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<td>1</td>
<td>1</td>
<td>0</td>
<td>1</td>
<td>1</td>
<td>0</td>
</tr>
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</table>

*b*Includes one firm that followed the 1954 pattern in 1955; this firm is listed as giving no increase for 1955.

**Note:**

If the wage increase is not more than 2 cents below the Big Four settlement, it is classified as being slightly less than the pattern; any greater deviation is regarded as substantial.
this table are exclusive of the Big Four, but include all other tire and tube producers organized by the URW. Since there are four firms outside the Big Four with more than one plant producing tires and tubes (Armstrong, General, Mohawk, and Mansfield), the concepts of "plant" and "firm" are not identical. The data in Table 1 are in terms of the number of plants, although in some cases two or more plants may be covered by the same contract negotiated with the firm on a company-wide basis. It may be noted that this table includes eighteen plants through 1956 and nineteen after that date; these plants are operated by a total of fourteen firms. Since some contracts almost meet the pattern increase, whereas others fall short by a large amount, it seems significant to make some distinction, rather than just to classify both as failing to conform to the pattern. If the wage increase is not more than two cents below the Big Four settlement, this has been classified as being slightly less than the pattern; any greater deviation is regarded as substantial. In certain cases, where different increases are given to hourly and incentive workers, it is impossible to arrive at an accurate "package" cost and the classification must be somewhat arbitrary. Approximations are based on the estimate that the typical plant has about 20 per cent of its employees on hourly rates and 80 per cent on incentive rates.

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1 The term "producer" has been used synonymously with the word "firm," or where distinctions between "firm" and "plant" are not significant.
The year 1946 was the first year of free collective bargaining following World War II. With the automobile industry having taken the lead, the Big Four rubber producers, in joint negotiations with the union, granted an 18.5-cent wage increase. This increase was followed by all except two (possibly three) of the tire and tube plants outside the Big Four; one of these settled for a 15-cent increase, while another provided 18.5 cents to incentive workers and 10 cents to hourly workers; no information was available for one producer for this year. One contract apparently provided a wage increase greater than the Big Four increment, although there is some confusion as to the exact amount of the increase. Again using joint negotiations in 1947, the Big Four negotiated a second round of post-war increases in the amount of 11.5 cents per hour. Fifteen plants followed the pattern precisely, and one did even better with a 12.5-cent increase. Only two firms fell below the pattern, one with a very slight divergence of 11.33-cent package increase, and another with an 8.5-cent gain.

In 1948 a great deal more deviation from the pattern is to be noted. The pattern increase of 11 cents was accepted by thirteen plants other than the Big Four, while five plants received less than the pattern. One firm granted a 5-cent increase to incentive workers and 10 cents to hourly workers; a second producer provided a schedule of increases for hourly workers, ranging from 3 cents to 33 cents; a third settled for an 8-cent increase; and the fourth granted only 2 cents for insurance.
Apparently one plant received no wage increase at all. There were no wage increases negotiated in the rubber industry in 1949, the only post-war year in which this is true. Since 1949 was a year of economic recession, the ability to obtain higher wages was greatly reduced. However, the union was successful in winning company-paid pension and welfare agreements which did not place such an immediate cost on the firms as would a direct wage increment.

The pattern for 1950 consisted of a 12-cent package increase, with a portion of the increase often being earmarked for "inequity" adjustments. In this year only eight plants negotiated the pattern increase of the Big Four, and two of these did not follow until early in 1951. However, three additional contracts exceeded the 12-cent package, providing 14-cent, 13-cent, and 12.5-cent increases respectively. Seven plants fell below the Big Four increase, three with rather slight divergence--two giving 11-cent increases and one a 10.5-cent increment--and four with more substantial departure from the pattern--one giving scheduled increases up to 15 cents (probably the result of a job evaluation program), a second providing a 7-cent increase, a third granting 6.5 cents plus a pension plan (not part of the wage pattern), and a fourth firm apparently giving no increase.

The number of plants following the wage adjustment in 1951 increased to sixteen, the pattern being a 13-cent increase or, in many cases, a 12-cent wage increase with an additional cent for increasing
shift differentials. Only two firms failed to meet the pattern, one giving an additional 8 cents and the other something more than 7 cents. A somewhat similar situation prevailed in 1952, when fifteen plants followed the 10-cent increase of the Big Four, one exceeded by giving a 13-cent increase to hourly workers and 10.2 cents to incentive workers, and two dropped below with increases of 5 to 12 cents in one case and 3.5 cents plus insurance benefits in another case.

The Big Four wage adjustment for 1953 amounted to a 5-cent increase, with a local option to allocate part of the increase in order to provide insurance benefits. In this case, company-paid sickness and accident insurance was considered to be part of the wage pattern, but not gains in hospitalization and surgical coverage. Since the cost of providing sickness and accident insurance varies among firms, depending partly upon the size of the firm or number of employees, the precise comparison of the wage increase among firms becomes more difficult to determine. However, it appears that at least twelve plants followed the pattern rather closely, while one firm granted a 5-cent increase plus pension and insurance benefits, and another gave an 8-cent package increase. Another producer granted a 6.5-cent increase to hourly workers, plus insurance benefits, and it seems likely must have used a job-evaluation system for incentive workers. Two firms fell slightly behind by giving a package increase of 4.7 cents and 4 cents, while one firm provided no wage gain at all.
Eleven plants followed the 6.5-cent wage increment of 1954, and one more apparently followed it in its agreement of 1955. Six firms, not counting the one which followed later, gave less than the pattern—four deviating only slightly with a 6-cent wage increase, while two apparently gave no increase. The pattern bargain for 1955 consisted of a 12-cent per hour wage gain plus an additional 2 cents for inequity adjustments, making a package cost of 14 cents. Twelve plants seem to have followed this Big Four increase for 1955, and two contracts exceeded the pattern—one providing a wage gain of 14.25 cents, and another 13.5 cents plus inequity adjustments. However, it is difficult to determine if these two actually exceeded the Big Four settlement in total cost. One contract fell slightly below the pattern with an 11-cent increase plus an allowance for inequities, while three others showed very substantial divergence—two giving increases of 5 cents, and one only the 6.5-cent increase which was apparently based on the pattern of 1954 rather than that of 1955.

Conformity with the pattern was very strong in 1956, when the Big Four negotiated a wage increase of 6.2 cents per hour, plus an additional 3 cents to provide a program of supplemental unemployment benefits. Fifteen plants followed the exact Big Four settlement, while another granted a 10-cent wage increment but did not provide for an SUB plan. Among those failing to meet the pattern, one gave 5 cents plus 15 cents for pension and insurance benefits, and another firm
apparently allowed no gain in wages. In 1957 fifteen plants followed the pattern wage increment of the Big Four, one exceeded this increase, and three contracts fell below. The plant exceeding the pattern was newly organized, and the local union was apparently attempting to catch up with the rest of the industry. The wage adjustment of the Big Four in 1957 was a 15-cent increase; those falling below negotiated increases of 14 cents, 12 cents, and 6 cents. Sixteen plants followed the wage increment for 1958, while the recently organized firm again settled for a greater increase. Two producers failed to conform to the 8-cent increase for 1958, one negotiating a wage adjustment of 7 cents and the other granting no increase.

A high degree of conformity was achieved again in 1959 when sixteen plants followed the 10-cent wage increment of the Big Four. Two firms fell below this increase, one granting 6.2 cents and the other apparently providing no wage gain; the recently organized plant continued to exceed the pattern with a 22.5-cent increment. For 1960 fourteen plants may be regarded as followers of the pattern wage increment, although one of these allowed an additional increase in exchange for the elimination of a former wage guarantee. Although several variations were used in distributing the 10-cent package increase, the most common procedure was to give a general increase of 9.5 cents with the remainder applied to inequity adjustments. Among the four firms failing to meet this wage adjustment, two deviated slightly with
9-cent wage increases, while two others allowed increases of 6.5 cents and 7.5 cents. The most recently organized plant continued to negotiate a wage increment exceeding the pattern, an increase amounting to 16 cents for the year 1960.

Looking at the entire fifteen-year period, there does not seem to be any discernible trend over these years with respect to the degree of conformity with or divergence from the pattern wage increases of the Big Four, although the conformity to these increases seems slightly better in recent years. Actually, it must be concluded that pattern-following has been quite effective among tire and tube producers during the entire fifteen-year period as a means of securing uniform wage increases. However, it may be noted at this point that there has been substantially more deviation from the pattern wage increase for certain years during this period, primarily the years of 1948, 1950, 1954, and 1955. Possible explanations for these departures will be discussed in a later chapter.

**Rubber footwear producers**

Among rubber footwear producers, the record of pattern-following is quite different from that found among tire and tube producers. Wage increases granted by the Big Four are still to be regarded as the pattern, although U.S. Rubber Company is the only Big Four firm with rubber footwear plants organized by the United Rubber Workers. All Big Four
producers sign company-wide contracts with the union, and, with a few exceptions, include all organized plants in this agreement regardless of the division of the industry in which the plant may be classified. Since one of the Big Four firms is the leading producer in most divisions of the industry, the Big Four settlements must be considered as the pattern. For example, since U.S. Rubber makes use of company-wide bargaining, rubber footwear plants have generally received the same wage increases as the tire and tube plants. It should be noted that Goodrich also has a plant producing rubber footwear. Although this plant is organized by a Federal Labor Union, it has received all wage increases negotiated by the URW. The rubber footwear division of the industry is dominated by Goodrich and U.S. Rubber, which account for over half of the total employment. According to union sources approximately 65 per cent of all footwear employees are organized by the United Rubber Workers, and plants which are organized by the URW account for about 85 per cent of total footwear production.

A summary of pattern-following for wage increases with respect to rubber footwear producers is found in Table 2. Since there are no footwear producers outside the Big Four with multiple plants, the distinction between "firm" and "plant" is not especially significant. The rather obvious conclusion which must be drawn is that the degree of pattern-following for wage gains among rubber footwear producers is very slight, and that there is no indication of any improvement in the
TABLE 2
PATTERN FOLLOWING FOR WAGE INCREASES
Rubber Footwear Producers
(Organized by URW)

<table>
<thead>
<tr>
<th>Year</th>
<th>1946</th>
<th>1947</th>
<th>1948</th>
<th>1950</th>
<th>1951</th>
<th>1952</th>
<th>1953</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pattern Wage Increases (cents per hour)</td>
<td>18.5</td>
<td>11.5</td>
<td>11.0</td>
<td>12.0</td>
<td>13.0</td>
<td>10.0</td>
<td>5.0</td>
</tr>
<tr>
<td>Firms Following Pattern</td>
<td>3</td>
<td>4</td>
<td>2</td>
<td>0</td>
<td>1</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Firms Exceeding Pattern</td>
<td>2</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>1</td>
<td>1</td>
<td>4</td>
</tr>
<tr>
<td>Firms Less Than Pattern</td>
<td>2</td>
<td>4</td>
<td>5</td>
<td>8</td>
<td>6</td>
<td>6</td>
<td>5</td>
</tr>
<tr>
<td>Slightly Less</td>
<td>0</td>
<td>2</td>
<td>2</td>
<td>4</td>
<td>4</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Substantially Less</td>
<td>2</td>
<td>1</td>
<td>1</td>
<td>3</td>
<td>1</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>No Increase</td>
<td>0</td>
<td>1</td>
<td>2</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>2</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Pattern Wage Increases (cents per hour)</td>
<td>6.5</td>
<td>12.0</td>
<td>6.2</td>
<td>15.0</td>
<td>8.0</td>
<td>10.0</td>
<td>10.0</td>
</tr>
<tr>
<td>Firms Following Pattern</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>3</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Firms Exceeding Pattern</td>
<td>0</td>
<td>0</td>
<td>4</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Firms Less Than Pattern</td>
<td>9</td>
<td>9</td>
<td>4</td>
<td>9</td>
<td>5</td>
<td>9</td>
<td>8</td>
</tr>
<tr>
<td>Slightly Less</td>
<td>2</td>
<td>0</td>
<td>2</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>1</td>
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<tr>
<td>Substantially Less</td>
<td>3</td>
<td>6</td>
<td>2</td>
<td>7</td>
<td>3</td>
<td>6</td>
<td>5</td>
</tr>
<tr>
<td>No Increase</td>
<td>4</td>
<td>3</td>
<td>0</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
</tr>
</tbody>
</table>

Notes:
The change in the total number of firms included is due to the fact that the URW became bargaining representative for an additional producer in 1947 and one more in 1953.

If the wage increase is not more than 2 cents below the Big Four settlement, this is classified as being slightly less than the pattern; any greater deviation is regarded as substantial.
conformity in recent years. In fact, the record of pattern-following seems to be better in the post-war years of 1946 and 1947 than at any time since. The rather large percentage of firms giving substantially less than the Big Four settlement, or no increase whatever, emphasizes the fact that slight deviation is not the rule. That apparently little attempt is made to follow the Big Four pattern is further indicated by the large percentage of firms in certain years that exceeded these increases. Finally, it might be noted at this point that there is no indication of a separate pattern for the footwear division of the industry, since there is little similarity in most cases among wage increases granted by the various firms.

Cumulative wage increases for entire period

Further insight concerning the extent of conformity with the Big Four settlements may be gained by considering a longer time period rather than just one year. It has already been observed that a few firms followed the pattern belatedly, that is, in the following year instead of in the year for which the pattern wage increase was granted by the Big Four. Is not the wage increase over a longer period of time perhaps more meaningful than the increase of a single year? Might such longer period increases still be a reflection of the pattern? Considering the years 1946 through 1960 as one period, the pattern wage increases amount to a total of $1.487 (or $1.507 if the 2 cents allowed for inequity adjustments in 1955 are included). Among tire and tube producers,
nine plants, other than Big Four plants, followed the pattern very closely with less than 2-cents deviation. In many cases the deviation for the entire fifteen-year period is less than one cent, and only four plants depart from the pattern increases by more than 15 cents. Since variation in the distribution of package wage changes in the form of inequity adjustments, welfare benefits, or gains to hourly and incentive workers often complicate precise measurement, it is highly likely that producers with such slight divergence are consistent followers of the Big Four pattern. In the case of the four plants showing the greatest amount of divergence from the pattern, the deviation varies from around 24 cents to 50 cents for the period. Special attention will be given these non-conforming producers in a later chapter. In the rubber footwear division of the industry divergence from the pattern is clearly indicated. Compared to the pattern of $1.487, only four—or one-half the firms in this division of the industry—granted increases over $1.00 for the fifteen-year period. These four gave increases of $1.26, $1.25, $1.06, and $1.03 respectively. The remaining four companies organized by the URW negotiated increases of 91 cents, 83 cents, 75 cents, and 36 cents. Thus, in percentage terms, the degree of divergence from the pattern is again much greater for rubber footwear producers than among firms in the tire and tube division of the industry. Data concerning the amount of deviation from the wage pattern for the entire period are presented in Table 3.
TABLE 3
PATTERN FOLLOWING FOR WAGE INCREASES
Cumulative Deviations, 1946-1960

Tire and Tube Producers

<table>
<thead>
<tr>
<th>Amount of Deviation from Pattern</th>
<th>Number of Plants</th>
</tr>
</thead>
<tbody>
<tr>
<td>2 cents or less</td>
<td>9</td>
</tr>
<tr>
<td>2 - 5 cents</td>
<td>2</td>
</tr>
<tr>
<td>5 - 15 cents</td>
<td>3</td>
</tr>
<tr>
<td>15 cents and over</td>
<td>4</td>
</tr>
</tbody>
</table>

Rubber Footwear Producers

<table>
<thead>
<tr>
<th>Amount of Deviation from Pattern</th>
<th>Number of Plants</th>
</tr>
</thead>
<tbody>
<tr>
<td>10 cents or less</td>
<td>0</td>
</tr>
<tr>
<td>10 - 25 cents</td>
<td>2</td>
</tr>
<tr>
<td>25 - 50 cents</td>
<td>2</td>
</tr>
<tr>
<td>50 - 75 cents</td>
<td>3</td>
</tr>
<tr>
<td>75 cents to $1.00</td>
<td>0</td>
</tr>
<tr>
<td>$1.00 and over</td>
<td>1*</td>
</tr>
</tbody>
</table>

Note:

This table includes all plants in each division (other than the Big Four) which were organized by the URW for the entire period 1946-1960, with the exception of one footwear producer* which was not included in the 1946 negotiations.
Effects on wage levels

As stated earlier in this chapter, it is the amount of wage increase rather than the wage level which is considered to be the pattern. However, it is of interest to observe the effect such wage increases have had on wage levels. One might be tempted to assume that conformity to the wage increases of the Big Four producers would result in a close degree of uniformity for wage levels. Such is not the case in the rubber industry. An examination of wage levels paid by the industry in 1960 reveals a great deal of variation in average straight time hourly earnings. Perhaps somewhat surprising is the large degree of variation in wage levels among Big Four plants. Some Big Four plants are among the highest, while some are among the lowest in the industry with regard to hourly earnings. Much variation also exists among tire and tube producers outside the Big Four, but the extent of variation in wage levels seems to be no greater when comparing Big Four with non-Big Four plants as opposed to a comparison limited to plants of the Big Four. Firms which consistently follow the wage pattern frequently have wage levels just as high as Big Four plants (perhaps even higher in some cases), but firms which consistently do not follow the wage pattern are generally found among the lower-paying plants of the industry. At any rate, it seems clear that it is not the existence of high wage rates which causes these firms to deviate from the pattern increase of the Big Four.
In general, wage levels prevailing among plants in the tire and tube division are considerably above the wage levels found in the rubber footwear division. In 1960 plantwide average hourly earnings for workers in tire and tube plants ranged from a high of $3.09 to a low of $2.51, while wages among footwear producers ranged from $2.31 to $1.81 per hour. In both divisions of the industry, the variation of wage levels among producers must be regarded as quite substantial. The variation within a given segment of the industry would no doubt be affected by such factors as differences in geographic location, size of the firm or plants, length of time workers have been organized by the URW, and differences in job mix. In addition to these factors, wage variations between the tire and tube division and the rubber footwear division may be influenced by differences in conditions of the product market. Some of these forces are likewise important in explaining deviations from the wage increases of the Big Four, and will be examined more closely in Chapter VI.

In summary, this examination of wage increases by tire and tube producers for the years 1946 through 1960 has revealed a substantial degree of conformity with the pattern as established through negotiations between the union and the Big Four producers. However, some deviation from the pattern has been experienced in every year, but with considerably greater deviation in certain years. This would suggest that fluctuations in conditions of the economy or the industry may have
effects on pattern-following. Furthermore, certain firms have almost consistently failed to conform to the Big Four pattern, sometimes exceeding the amount of the general wage increase but usually falling below. It would therefore appear that these firms must have some characteristics which allow or cause them to deviate from the pattern. The fact that the degree of pattern-following is much less among rubber footwear producers would seem to indicate that differences in the product may likewise have important effects. Finally, it has been observed that pattern-following for wage increases has not resulted in uniform wage levels among plants in the industry, even though union policy over the years has favored the elimination of such inter-firm wage differentials.
CHAPTER IV

CONFORMITY TO THE PATTERN: QUASI-WAGES

Although wages continually have been given prime consideration by workers and their unions, wages by no means comprise the total economic benefit to employees or the total labor cost of the employer. Most collective bargaining contracts include an increasing number of fringe benefits in addition to provisions relating to basic wages. Since such benefits are a substantial portion of the compensation paid and received for the services of labor, they must be included in any adequate analysis of pattern bargaining. Is it not possible that the total package of benefits may be more important than wages alone in determining the conformity to a pattern? Will a contract which deviates on one provision compensate by being more liberal than the pattern for other provisions? Does the non-pattern-follower for wages also fail to meet the pattern for fringe benefits? These and other points of analysis can be understood more clearly by examining some of the major fringe provisions found in URW contracts.

For purposes of this study, fringe benefits have been divided into two groups. This chapter includes an analysis of vacation provisions, holidays, and several types of premium pay. These provisions have been referred to as "quasi-wages" to distinguish them from other fringe
benefits that may be classified as welfare programs, discussed in Chapter V. Although the classification is somewhat arbitrary, "quasi-wages" include those provisions which in general place a cost on the employer and provide a benefit to employees, the cost and benefit being more definite and more immediate than the cost and benefit of welfare programs. Thus, such provisions are more similar to wages from the viewpoint of both the employer and the employee.

Vacations

With respect to vacation provisions, four major changes have been made by the Big Four during the period under study. During 1946 and 1947, the vacation allowance consisted of one week after one year's service, and two weeks after five years' service. In 1948 three of the Big Four negotiated a provision calling for three weeks vacation after fifteen years' service. Having negotiated earlier in the year than the other Big Four producers, Firestone apparently did not make this provision until 1950, the year of its next contract negotiations. The second adjustment came in the 1953 negotiations, with provision of the second week of vacation after three years' service instead of five. In 1955 a change was accepted to allow two and one-half weeks vacation after eleven years' service (U.S. Rubber deviated slightly by simply providing extra compensation for workers having between eleven and fifteen years' service). The fourth adjustment was initiated in the Firestone negotiations of 1956 with the provision of three weeks
vacation after eleven years' service, and three and one-half weeks after twenty-five years' service. The other three of the Big Four, in contract negotiations of 1957, made provision for three weeks vacation after eleven years, and four weeks vacation after twenty-five years' service. Thus, as of 1960, the Big Four vacation provisions consisted of one week vacation after one year's service, two weeks after three years, three weeks after eleven years, and four weeks after twenty-five years.

All producers in the tire and tube division, for which information is available, had the same vacation provisions in 1946 and 1947 as the Big Four. With the addition of three weeks after fifteen years' service in 1948, nine plants followed the lead of the Big Four. One other provided two and one-half weeks after fifteen years' service, and then the full three weeks was negotiated in 1950. One additional producer followed the Big Four change in 1949, and four others in 1950. Thus, by 1950, when all Big Four firms had accepted the change, fifteen tire and tube plants had followed. An even better record was attained in following the change in 1953 allowing two weeks vacation after three years' service. All tire and tube producers negotiating contracts in 1953 (fifteen) followed the adjustment of the Big Four, and one additional firm made the change a year later. In fact, one producer had preceded the Big Four change in its contract negotiations of 1952 by providing two weeks vacation after two and one-half years' service,
and three weeks vacation after five and one-half years' service. (It might be noted that this firm is found to be a non-pattern-follower with respect to wage increases.)

Eleven plants (including one that followed in 1956) conformed to the Big Four change in 1955 which provided for two and one-half weeks vacation after eleven years' service. Three others followed the plan of U.S. Rubber and provided extra compensation for workers having eleven to fourteen years' service. One producer provided for extra days of vacation on the tenth, fifteenth, and twentieth anniversary years of service, and continues to follow this practice. No firms followed the change by Firestone in 1956 for three and one-half weeks vacation after twenty-five years' service. This was, no doubt, due to the fact that most contracts run for a two-year period, and a new pattern had been established by the other Big Four producers by the time contracts were negotiated in 1957. This new adjustment called for four weeks vacation after twenty-five years' service, and was followed by fourteen plants other than the Big Four in 1957. One additional firm followed in 1958, and another in 1959. By 1960, fifteen out of nineteen tire and tube plants followed the exact vacation provisions of the Big Four. One firm deviated very slightly, and the major divergence of the other three was a failure to provide the fourth week of vacation.

Among rubber footwear producers, a majority of firms had the same vacation allowances as the Big Four in 1946 and 1947. One firm
provided the second week of vacation after ten years' service, but another allowed the second week after only two years' service. The improvement of the Big Four pattern in 1948 which added a third week of vacation after fifteen years' service was accepted rather slowly by the footwear producers. In 1950 two firms added the third week for fifteen years' service, and one allowed the third week only after twenty years' service (this was changed to fifteen years in the contract of 1952). Two more producers accepted this change in their negotiations of 1951, while another increased vacation pay after fifteen years' service to six per cent of annual earnings, but allowed only two weeks of vacation time.

The Big Four adjustment of 1953 allowing two weeks vacation after three years' service was followed by three footwear producers in that year, one more the following year, and still another in 1955. No firms followed the Big Four change of 1955 to provide two and one-half weeks after eleven years' service, except two followed the U.S. Rubber policy of giving some extra compensation for vacations after ten years service. Since U.S. Rubber is the only Big Four producer having footwear plants organized by the URW, it is essentially the contract with this firm which sets the pattern for rubber footwear. However, one firm did begin the practice in 1958 of adding one day of vacation for each year of service from the eleventh to the fifteenth. Like the tire and tube producers, no footwear firms followed the Firestone change of 1956 to provide three and one-half weeks vacation after twenty-five years'
service. Conformance to the Big Four provisions negotiated in 1957 (providing four weeks vacation after twenty-five years' service) has also been quite slow. In 1958 one firm adopted the fourth week of vacation time, and another began paying eight per cent of annual earnings, while allowing only two weeks off from work. This practice of paying eight per cent of earnings after twenty-five years' service was accepted by another firm in 1959, with three weeks vacation time allowed in this case. The Big Four provision for the fourth week was followed by one more producer in 1959, and one in 1960. Thus, by 1960, only three footwear contracts provided for a fourth week of vacation time, and two others made the eight per cent vacation payment. Two producers continued to provide a maximum of three weeks of vacation with no extra compensation after twenty-five years' service, and two apparently did not allow more than two weeks of vacation time. In fact, only one footwear producer had total vacation provisions precisely the same as the Big Four, with two other firms deviating only slightly.

**Holidays**

Two major changes in holiday provisions were made by the Big Four rubber producers during the period 1946-1960. In 1946 all Big Four firms were providing six paid holidays with double time paid to those working on any of the designated holidays. No change was made by the Big Four in holiday provisions until 1951, when U.S. Rubber
Company agreed to pay triple instead of double time for holidays worked. In 1952 Goodrich allowed double time plus holiday pay, and apparently did not conform completely to the triple time provision until 1955. Goodyear negotiated the triple time allowance in its contract of 1953, and Firestone in 1954. With the exception of Firestone, the other Big Four producers followed in their next contract negotiations after the initial improvement was made by U.S. Rubber. The second major change in holiday provisions by the Big Four came in 1955, when all four negotiated seven paid holidays instead of six. Thus, the holiday provisions of the Big Four remained at seven days with triple time in 1960.

Among tire and tube producers, ten plants other than the Big Four were providing six holidays at double time pay in 1946. Eight plants deviated from this provision by providing no pay for holidays which were not worked; in each case, double time was paid if the holiday was worked—-with six of the firms providing six holidays, and two providing seven. Most of the qualifications allowing no holiday pay if the holiday was not worked were removed in 1947 and 1948. By 1951, when U.S. Rubber changed the pattern to triple time, fourteen plants had followed the earlier pattern, and two more were providing six holidays at regular pay plus holiday pay. Since holiday pay and regular pay may differ, particularly when incentive rates are used, such provisions represent slight deviations from the pattern. One additional
firm provided six paid holidays, and paid double time for a seventh holiday if worked. Another firm improved its holiday provision in 1951 by allowing double time and a half, thus exceeding the original pattern of the Big Four, but falling short of the new pattern set by U.S. Rubber.

Only two producers negotiated changes in holiday provisions in 1952--one increased pay for holidays worked to double time plus holiday pay (which would seem to be following the change of U.S. Rubber), and another increased the number of holidays to eight, leaving the payment at double time. However, 1953 was the first year for major contract negotiations following the change in the pattern in 1951. Outside the Big Four, seven tire and tube plants agreed to pay triple time for holidays in 1953, while four additional plants paid double time plus holiday pay. By 1955, the year of the next major change by the Big Four, eleven plants were allowing triple time for holidays, four provided double time plus holiday pay, and three continued to pay only double time.

Pattern-following for the increase in the number of holidays appears somewhat stronger than for the increase in holiday pay. When the Big Four negotiated seven paid holidays in 1955, thirteen additional tire and tube plants followed by also providing seven paid holidays. Two plants, however, preceded the Big Four in the increase of the number of holidays.\(^1\) One agreed to a seventh holiday at double time in 1953

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\(^1\)It might be noted that one of these plants consistently follows the wage increase of the Big Four, while the other consistently deviates from the pattern.
and in 1955 was allowing six holidays at triple time and two at double time. As already mentioned, another had provided eight holidays at double time in 1952, and increased the pay to triple time in 1956. This means that only three firms continued to provide six holidays in 1955. By 1959, twelve plants other than the Big Four were providing seven holidays at triple time; four allowed seven days at double time plus holiday pay (slight deviation from the pattern); two exceeded the pattern by giving eight holidays with triple pay; and only one producer remained below the Big Four provision with seven days at double time.

For the rubber footwear division of the industry, much more variation is found in holiday provisions. In 1946 only two footwear producers (for which information is available) followed the pattern of the industry with six holidays at double time. Three firms included the qualification that no pay would be given if the holiday were not worked, but did provide extra compensation for those who did work. One of these allowed seven holidays at double time, another six at double time, and a third producer provided six at double time and four at time and one-half. One additional firm allowed three paid holidays at double time, but paid time and one-half for work performed on six additional days. By 1948 five footwear producers were providing the six paid holidays at double time, and the other three firms of this division were exceeding the Big Four provision. Two of these allowed six days at double time, but also provided three and four additional days, respectively, for
which time and one-half would be paid to those who worked. The remaining firm provided seven paid holidays at double time, with time and one-half for two extra days if work was performed.

The next changes in holiday provisions took place in 1950 when, through contract negotiations, two firms provided for eight paid holidays. Two other firms, one in 1950 and the other in 1951, changed their provisions for holiday pay from double time to regular time plus holiday pay. The improvement in pay for holidays worked from double time to triple time, made by U.S. Rubber in 1951, was not followed until two footwear producers negotiated this adjustment in 1953. Time and one-half plus holiday pay was an improvement by one firm in 1954, and two other producers accepted a provision calling for double time plus holiday pay--one in 1955 and the other in 1957.

At the time the Big Four negotiated the provision for seven paid holidays in 1955, two footwear producers had exceeded this since 1950--one with eight paid holidays, and the other with ten. It should be noted, however, that these were giving less than triple time for the holidays worked. One additional footwear producer had preceded the Big Four by increasing its holidays to seven in 1954. When the Big Four made their adjustment in 1955, three firms, other than those already doing so, followed with the provision of seven paid holidays. Three producers continued to provide only six paid holidays, but two of these followed the pattern in 1956, and the other in 1959. Thus, by 1960, five footwear
producers had holiday provisions for seven paid holidays, while four exceeded the Big Four—one with eight, two with nine, and one with ten paid holidays. However, with respect to the triple time provision, only two firms conformed to the Big Four, and two others deviated slightly with a provision for double time plus holiday pay. The variation in holiday payment provisions among footwear producers suggests little conformity to the Big Four pattern. Even with respect to the number of paid holidays, the fact that four out of nine firms exceeded the Big Four provision would indicate a rather weak tendency for pattern-following.

**Premium pay**

Premium pay consists of a bonus or addition to the regular rate of pay given in cases where work is performed under certain special conditions or at certain times. Probably the most common type of premium pay is for overtime work. During the entire period under study, the rubber industry has universally followed the practice of paying time and one-half for all work over eight hours per day or forty hours per week. A slight deviation from this rule is followed by one footwear producer (in Canada) which pays time and one-half for work above "normal hours," which, in some cases, are more than forty per week.

Another common form of premium pay in the rubber industry is given for work performed on Saturdays and Sundays. The Big Four producers provide double time for Sundays in their master contracts,
but leave the provisions concerning Saturday work to local negotiations. No doubt a major factor here is the existence of a six-day workweek in Akron and a five-day workweek elsewhere. Only one tire and tube producer and one footwear producer do not follow the provision for double time on Sundays; however, both of these firms provide that double time shall be paid for the seventh day of the week that is worked. Premium pay for Saturday work seems to be used more widely among rubber footwear producers than among tire and tube producers. Five out of eight footwear producers pay time and one-half for Saturday work, and the other three provide time and one-half pay for the sixth day of the week that is worked. Among tire and tube plants, only five out of nineteen provide the premium pay for Saturdays, but eight additional plants allow the extra payment for the sixth day. The Big Four policy for Saturday and Sunday premium pay has remained the same during the 1946-1960 period, and only a few changes have been made by other producers. Although a fairly high degree of uniformity prevails, no indication of pattern-following can be seen except, perhaps, in a negative sense—that is, since the Big Four did not change these provisions, most other producers in the industry likewise did not negotiate any major changes.

The existence of uniformity which might denote conformity to a pattern does not occur to any significant degree with respect to shift differentials. All producers make some premium payment for the
second and third shifts, usually providing a larger bonus for the third shift (which would run from 12 midnight to 6 a.m. or 8 a.m., depending on whether there is a six-hour shift or an eight-hour shift) as compared with the second shift (from 4 p.m. or 6 p.m. to midnight). Some firms follow the practice of paying the shift bonus for any work during the twelve-hour period, usually 6 p.m. to 6 a.m. Two of the Big Four producers, U.S. Rubber and Firestone, do not include the shift differential in their master contracts, but leave this provision for negotiation at the local level. The other two of the Big Four, Goodrich and Goodyear, provided a three-cent bonus for twelve hours until 1947, when the shift bonus was increased to six cents. Variation seems to be the "pattern" for shift differentials; the only common characteristic for all producers is the fact that the amount of shift bonus has been increased during the period under study. These increases are scattered throughout the period, although there were a somewhat greater number of increases in 1956 and 1957. However, the amount of the shift bonus, both at the beginning of the period and at the end, shows practically no uniformity among the various firms. For example, in 1946 and 1947 many firms were paying a shift bonus of two and three cents, but several were already paying six cents, and one as much as 7.9 cents. By 1959 the Big Four pattern (if such existed) was a six-cent bonus for twelve hours; however, only five tire and tube plants outside the Big Four followed this shift differential, and no footwear
producers besides U.S. Rubber did so. Even among Big Four plants, in cases where the shift differential is determined at the local level, a number of contracts provided for something different than the six-cent bonus for twelve hours. Variation not only exists in terms of the amount of shift bonus, but in the difference between the second and third shifts. As pointed out, some firms make no difference at all, providing the same bonus for any work performed between 6 p.m. and 6 a.m. The more common practice, outside the Big Four, seems to be provision of a higher bonus for the third shift compared to the second; in many cases the difference is two cents, but in some as much as five cents. Finally, it should be noted that the amount of the shift differential or the extent of conformity or non-conformity with the Big Four shows no significant difference between the tire and tube division and the rubber footwear division of the industry.

Somewhat related to premium pay is the provision to make payment for time lost due to certain special conditions. Three specific types of payment have become common in the rubber industry in recent years and seem to be important to the study of pattern bargaining. The Big Four producers negotiated a provision for jury duty pay in 1955; funeral pay and military encampment pay were added by Firestone in 1956, and by the other three in negotiations of 1957. Jury duty pay provides that a worker who is required to serve on a jury will be paid the difference between the amount he receives for jury service and his
hourly rate. Funeral pay is provided for the employee who is absent from work to attend the funeral of a member of his immediate family. Generally, the worker is paid his hourly rate for three consecutive days, one of which is the day of the funeral. Encampment pay is given to the employee who is a member of a reserve component of the Armed Forces and is required to enter active training duty for a limited period. Most contracts provide for a maximum of two weeks per year, and pay the difference between what the employee receives from the government for such duty and his normal weekly earnings.

Three tire producers preceded the Big Four by providing for jury duty pay in 1947, 1950, and 1952, respectively. One of these also allowed funeral pay for one day off as early as 1950. However, it was not until the Big Four accepted these provisions that the rest of the industry began to follow. When jury duty pay was included in the Big Four contracts of 1955, twelve additional plants in the tire and tube division likewise added this provision. Twelve, in addition to the Big Four, negotiated funeral and encampment pay in their contracts of 1957. Nine plants followed the exact change of the Big Four both in 1955 and 1957, and by 1959 only two tire and tube producers did not make provision for jury, funeral, and encampment pay. One of these provided the encampment pay, and the other only funeral pay.

Among rubber footwear producers, however, the degree of conformity is much less. One firm negotiated the jury, funeral, and
encampment pay provisions in 1957, and was still the only footwear producer, other than U.S. Rubber, providing for all three types of pay in 1960. One footwear plant accepted the jury duty pay in 1955 but has not added either funeral or encampment pay. Funeral pay was negotiated by one firm in 1951 and encampment pay by another firm in 1952; two firms added jury duty pay as late as 1960. Thus, even the contracts that make such provisions do not seem to be related to the changes by the Big Four. As of 1960, four footwear producers provided jury pay, three funeral pay, and two encampment pay. Four producers, out of nine, did not make provision for any of these types of special payments.
CHAPTER V

CONFORMITY TO THE PATTERN: WELFARE BENEFITS

In addition to the more immediate benefits of wages, holidays, and vacations, workers have sought measures to improve their economic security by providing protection against the hazards of sickness, old-age, and unemployment. Before the establishment of labor unions, some welfare programs were attempted on an informal basis through mutual aid societies. With the formation and strengthening of unions among rubber workers in the 1930's and 1940's, efforts were made to provide welfare benefits through the union. A number of locals set up programs for life insurance and sickness and accident benefits. Participation by the companies was limited to the checkoff of contributions from the pay check of employees. Welfare plans had their impetus in the economy generally during World War II when wages were stabilized and employers resorted to the offering of a variety of supplementary benefits as an added inducement for employment. Since that time unions have bargained aggressively for these additional fringe benefits in negotiating new contracts. But in the rubber industry the first real contract for welfare programs provided by the employer was signed in 1950. Basic welfare benefits now include several types of
insurance, pension and retirement programs, and supplemental unemployment compensation.

Insurance

Three major types of insurance coverage have become common in the rubber industry. These include group life and accidental death and dismemberment insurance, group hospitalization, and group sickness and accident insurance. Perhaps the earliest and most prevalent type of insurance provided by contract negotiations is the group life and accidental death and dismemberment insurance. While both types of coverage are usually combined, a few of the earlier contracts provided only for the life insurance. The Big Four producers began this type of insurance in 1950, with some improvements in 1953 and 1955. This pattern has generally been followed by the other tire and tube producers, but not in a precise degree. At least three firms had preceded the Big Four by providing some type of life insurance before 1950. Nine additional plants negotiated a life insurance plan in 1950, and by 1953 such provisions were included in contracts of all tire and tube producers. Two footwear producers had life insurance plans before 1950, three more set up a system in 1950, two in 1953, and one in 1954. Thus, all except one of the footwear producers have some type of group life insurance program.

Considerable variation with respect to the amount of coverage exists among the various plans. The Big Four plans themselves are
not uniform, but provide a range starting generally at $2000 or $2500 and increasing to $4500, depending on the level of earnings for individual employees. Practically all plans in the tire and tube division also call for one-half coverage for retired employees. Although the Big Four plans provide a range for benefits payable, this range is not very meaningful since most employees are eligible for the maximum benefit. Assuming that the maximum of this range ($4500) is the pattern, nine contracts in the tire and tube division provide similar coverage, four provide somewhat higher benefits, and five plans pay benefits below that of the Big Four. Among the highest in amount of coverage is the plan used by two Armstrong locals, providing $4000 insurance for those with less than five years' service, and $9000 for employees with more than five years' service. Among footwear producers, the highest coverage provided is in the amount of $3500 for married men, with less provided for women and single men. Three footwear firms do not give more than $1000 coverage. Thus, while life insurance plans are prevalent in both the tire and tube and rubber footwear divisions, the level of coverage is considerably lower among footwear producers. Not only do plans in the tire and tube division exceed those in footwear, but some also exceed the coverage provided by the Big Four.

Sickness and Accident Insurance was first provided by the Big Four in their contracts of 1953, although earlier plans had been established by some unions and financed by employees. According to
the Big Four plans of 1953, benefits were payable for a maximum of twenty-six weeks in the amount of $35 per week for male employees, and $25 for female employees. Firestone deviated slightly by providing $27 per week for women employees. This inclusion of Sickness and Accident Insurance paid by the company was actually part of the wage pattern for 1953. The negotiated wage increase was five cents per hour, with many firms using part of this in order to provide the sickness and accident coverage. The level of benefits were improved by the Big Four in 1955 to provide $40 for men and $30 for women, for a maximum of twenty-six weeks. Firestone again deviated by providing $32 per week for female employees. Reduced benefits are paid in certain states (California, Pennsylvania, Indiana, Rhode Island, Michigan, and Wisconsin) where the state insurance system includes non-occupational as well as occupational sickness and accidents.

Big Four negotiations, however, did not initiate provisions for sickness and accident coverage. At least ten plants in the tire and tube division had some plan for sickness and accident insurance by 1950. Most of these plans were contributory, paid for at least in part by the employees. Benefits were usually around $25 for thirteen weeks, although some plans were better (in one case paying $30 for twenty-six weeks). A number of these earlier plans were changed in 1953, and at least eight tire and tube plants provided benefits substantially equivalent to that of the Big Four. Eleven plants accepted the improved benefits
negotiated by the Big Four in 1955, but four of these did not follow until 1956 and two in 1957. It might be noted that four contracts have followed Firestone in paying $32 per week for women employees, and two have even exceeded this by paying $35 to female employees. By 1959 thirteen of the eighteen tire and tube plants had a sickness and accident insurance system equivalent to the Big Four. Two others had plans which are probably comparable to a high degree, one conforming to the New York State Disability Law and the other having its own mutual benefit club. A recent innovation started in 1959 by one Big Four producer and four other firms is the practice of using the sickness and accident insurance program to supplement Workmen's Compensation, in order to increase the level of benefits payable for industrial accidents and disease.

Among rubber footwear plants, only two producers provided sickness and accident coverage by 1950, and one more followed in 1954. With the negotiation of four systems in 1958 and 1959, six of the nine footwear producers had some type of sickness and accident coverage by 1959. In most cases, however, the level of benefits remains considerably below those of the tire and tube division. Only one system is approximately equivalent to the Big Four in terms of benefits, and several plans still have a maximum of thirteen weeks for which benefits may be received. The nature of the plans also varies, with benefits in some plans being based on the level of earnings or the labor grade of
the individual worker. Thus, not only are a third of the footwear producers without any type of sickness and accident coverage, but those having a system generally provide much lower benefits than are prevalent among tire and tube producers and the Big Four.

Group hospitalization insurance, paid by the employer, was included as a part of contract negotiations with the Big Four in 1953. Plans established at that time, with some slight modifications in 1955, remained in effect through 1960. Since insurance plans contain many features and provisions that may vary and complicate the task of making comparisons, only a few basic features have been selected to be used in this analysis. The primary purpose of this study is not to describe in a comprehensive manner the detailed plans used by different firms, but to analyze the degree of uniformity among such plans. The major features which have been used for such comparisons include the hospital room allowances, maximum surgical benefits, and medical or hospital service fees. Unless other information would warrant a contrary conclusion, plans which are identical with respect to these provisions have been considered equivalent, even though it is realized that variations may exist with respect to some minor provisions. ¹

¹It might also be noted that identical benefits or coverage for workers may impose substantially different costs on the employer, depending on variations of medical and surgical fees, cost of hospital accommodations, number of workers included in the plan, and the like. However, no attempt has been made in this study to estimate and compare the cost of such plans.
Group Hospitalization Plans accepted by the Big Four in 1953 provided for full payment of semi-private hospital accommodations for a maximum of 120 days for each period of confinement, maximum surgical benefits of $250, and medical payments of three dollars per day for the maximum of 120 days. A slight modification was made in 1955 to allow five dollars for medical payments for the first two days, and three dollars per day thereafter.

As in the case of Sickness and Accident Insurance, many group hospitalization plans were in effect before the Big Four negotiations of 1953. By 1950 at least ten tire and tube plants had some type of group hospitalization insurance for their employees, and two more plans were established in 1951 and 1952. Much variation existed among these earlier plans: some limited benefits to thirty-one days, and others allowed a maximum of seventy days; most plans paid only seven dollars per day for hospital accommodations, but at least one paid as much as eleven dollars per day; surgical benefits were generally limited to a maximum of $200; and most plans, but not all, were contributory. Some contracts simply provided Blue Cross and Blue Shield coverage, with part of the premium being paid by the employer. Four of the plans were changed in 1953 to conform to the system negotiated by the Big Four, and by 1959 all but two of the plans set up before 1953 had been brought into conformity with the Big Four plans. With the modification of existing plans and the negotiation of new insurance programs, seven
tire and tube plants had hospitalization plans equivalent to the Big Four in 1953, and thirteen by 1957. This number of equivalent plans was increased to fifteen by 1959, leaving only three that provided substantially less than the hospitalization coverage of the Big Four plans.

In the rubber footwear division, four plans for group hospitalization had been established prior to 1953, and all the remaining footwear producers have accepted some type of hospitalization program since that time. Although two new plans were begun in 1953, these did not conform to the plans adopted by the Big Four. In fact, only one footwear producer has a hospitalization plan which could be considered equivalent to the Big Four plans. This plan provides benefits for semi-private accommodations for a maximum of 120 days, maximum surgical benefits of $300 (instead of $250 in the Big Four plans), and three dollars per day for medical services. Many, but not all, of the plans in the footwear division are contributory, requiring the employee to share the cost of the premiums with the employer. At least five of the nine footwear producers continue to use the Blue Cross and Blue Shield plans. While some of these plans are quite good, and perhaps even excel the Big Four plans in certain respects, it would appear that most are somewhat less generous than the Big Four plans when consideration is given to the level of benefits and the portion of cost shared by the employee. In any case, the variation in the nature of the plans negotiated by the footwear producers and the union does not suggest any strong
degree of pattern-following or conformity to the hospitalization plan used by the Big Four and most tire and tube producers.

Pension and retirement programs

The year 1950 generally marks the time when the rubber industry and the union began to negotiate pension and retirement programs, although a few plans were in existence before this date. As in the case of insurance plans, retirement and pension programs may contain many features and provisions, varying from one plan to another, that greatly complicate the problem of making comparisons. Here again, however, only a few basic characteristics have been used in the effort to determine whether or not one plan is similar or equivalent to another. In general, these include the eligibility requirements for normal, early, and disability retirement, and the level of benefits provided in each case. Eligibility requirements and the amount of severance or service awards, paid in cases where the worker is not eligible for a pension, have also been considered. If most of the basic characteristics are similar, then the plans have been considered as equivalent for purposes of this study, even though other variations may exist. It should also be noted that equivalent plans in terms of coverage and benefits to employees may impose substantially different costs on various employers, depending on such factors as the age of employees, their average length of service, their level of earnings, and the like.
By 1950 all of the Big Four producers had some type of pension and retirement program. Goodrich had a joint-contributory plan, and U.S. Rubber a non-contributory plan. Firestone and Goodyear had plans which were quite similar, and contained the following provisions:

1. **Normal Retirement** was provided for the employee at age 65 with fifteen years' credited service. Monthly benefits were one-twelfth of one per cent of total earnings, with a minimum of $100 per month for the worker with twenty-five years' service.

2. **Early Retirement** was allowed an employee at age 55 with twenty years of credited service. Benefits were the actuarial equivalent to the benefit for Normal Retirement.

3. **Disability Retirement** was provided the employee who was permanently disabled and had at least fifteen years' service. Monthly benefits were one-twelfth of one per cent of total earnings, with a minimum of $50 per month.

4. The Firestone plan included a Severance Award for the employee who became disabled, had five years of credited service, but was not entitled to a pension. The Severance Award is a one-time payment, in this case amounting to two per cent of the total earnings received by the employee.

Some improvement in the level of benefits was made in 1953, but it was not until 1955 that all retirement and pension plans of the Big Four became relatively uniform. These plans followed the same pattern as the earlier Firestone and Goodyear programs, but improved the level of benefits, making the Normal Retirement minimum benefit equal to $1.80 times the number of years of credited service (with a deduction for one-half the benefit received from Old Age and Survivors' Insurance) and increasing the minimum benefit for Disability Retirement to $80 per month. All plans also included provision for a Severance or Service
Award to the employee not eligible for a pension, who has five years' credited service, and who terminates his employment due to disability, plant closing, or attainment of age 65. In three plans the award amounts to two to three per cent of total earnings, depending on the years of credited service and the reason for termination of employment. In the U.S. Rubber plan the award amounts to one to two weeks' pay for each year of credited service. These provisions with respect to the Service Award were still in effect in 1960.

Major revisions in the pension and retirement programs were negotiated again in 1959, with each of the Big Four producers accepting essentially the same plan. These plans make the following provisions:

1. Normal Retirement is provided for the employee who reaches age 65 and has ten years of credited service. The monthly benefit is $2.40 for each year of service before January 1, 1959, plus $2.50 for each year of service after January 1, 1959.

2. Early Retirement is permitted after age 55 if the worker has twenty years of credited service. The normal benefit is reduced by four-tenths of one per cent for each month under age 65.

3. Disability Retirement is granted if an employee becomes permanently disabled and has fifteen years of credited service. The monthly pension in this case is $4.80 for each year of service before January 1, 1959, plus $5.00 for each year of service after January 1, 1959.

4. Deferred Vested Pension may be provided if the worker terminates his employment after reaching age 40 and has at least ten years of credited service. In this case, the worker will receive a monthly pension after he reaches the age of 65, even though he has terminated his employment some years before.

5. Severance or Service Awards are granted to those with at least five years of credited service, but not eligible for a pension,
who lose employment due to disability, plant closing, or the attainment of age 65. The award generally varies from two to three per cent of the worker's total earnings.

In the tire and tube division of the industry, several producers had provided Severance pay in 1947 and 1948. This, however, is a one-time payment, and cannot be regarded as a real retirement program. One plan providing monthly pensions to retired employees was established in 1949, and eight additional plans were negotiated in 1950. Most of these plans were similar in nature to the Firestone and Goodyear plans discussed earlier. While two of these appear to be equivalent to the Firestone and Goodyear plans, the others seem to be at least slightly less adequate. Comparison of such plans is extremely hazardous, in view of the fact that some provisions may be more liberal, and others less liberal, with inadequate means of knowing how this affects benefits to most employees or costs to the employer. However, in terms either of eligibility requirements or benefits, most of these plans do not measure up completely to the Firestone and Goodyear plans. For example, about two-thirds of these earlier plans required twenty-five years of credited service in order to be eligible for Normal Retirement--certainly a more restrictive provision than the fifteen year requirement of the Firestone and Goodyear plans.

At least a couple of new plans were started in 1952 and 1953, and minor improvements were made in several of the existing programs. The years 1955 to 1957 show a rather strong tendency for retirement
programs in the tire and tube division to conform more closely with
the plans of the Big Four. This is evident both in the modification of
existing plans and in the establishment of new ones. Of course, as
mentioned earlier, the Big Four producers themselves did not achieve
relative uniformity until 1955. At least seven of the retirement plans
in effect by 1957 may be considered as approximately equivalent to the
Big Four plans. In one major respect, five additional plans may be
regarded as more liberal than the Big Four. In calculating the monthly
benefit payable in case of Normal Retirement, one plan allowed $2.00
for each year of credited service, and four plans allowed $2.25 per year
of service (compared with $1.80 in the Big Four plans). Although many
provisions are important in judging an adequate retirement program, it
would seem that provisions for Normal Retirement would affect more
employees than any other and would thus be a significant factor in the
overall evaluation of the program.

Most of the retirement and pension plans received major modifi-
cations in the negotiations of 1959, and by 1960 all firms in the tire
and tube division had accepted some type of retirement program, with
the exception of one firm which did not begin bargaining until 1957.
A somewhat arbitrary evaluation would classify four plans as equiva-

dent to the Big Four plans, four as slightly better, and nine as being
less adequate. Those considered slightly better generally pay $2.50
for each year of service in case of Normal Retirement, and $5.00 for
each year in case of Disability Retirement. Of those considered less adequate than the Big Four plans, three are included in the same master contract, and provide a minimum monthly benefit of $2.15 for each year of service in case of Normal Retirement. Other plans pay between $2.25 and $2.35 for each year of service as the monthly benefit for Normal Retirement. In one case, the level of coverage and benefits is equivalent to the Big Four plans, but the fact that it is a contributory plan has caused it to be regarded as less adequate. It would seem, however, that the number of plans considered less adequate than the Big Four tends to overemphasize the degree of variation among the retirement programs of the tire and tube division.

In the rubber footwear division, three producers have no retirement program at all, although one of these does provide a Severance Award. Since 1942 one firm has had a Profit-Sharing Pension Trust, by which profit is held in trust to pay retirement benefits, as well as benefits in case of disability or death. No information is available on the amount of such benefits. Two retirement plans were initiated in 1954, and two more in 1957. As of 1959, six plans, including the Profit-Sharing Pension Trust, were in effect by footwear producers. While improvements have been made, all of these plans are still considerably less adequate than the Big Four plans, both with respect to eligibility requirements and the level of benefits. Some plans require fifteen, twenty, and twenty-five years of service for Normal
Retirement, and monthly benefits for such retirement range from $1.25 to $1.45 for each year of credited service. Although complete information is lacking with respect to a couple of these plans, it seems clear that much improvement will be necessary before these plans conform to the coverage and benefits negotiated by the Big Four and most of the tire and tube producers.

**Supplemental unemployment benefits**

The most recent major innovation with respect to welfare benefits for the rubber industry has been the negotiation of a system to provide supplemental unemployment benefits, designed to give additional income beyond the state unemployment compensation for the unemployed worker. These benefits were won by the union in wage negotiations with the Big Four producers in 1956, with several important revisions following in 1959. In the wage negotiations the companies agreed to contribute three cents per hour for each employee in order to establish a system of supplemental unemployment benefits. Details of the systems were worked out and accepted later during the year. Under such plans, each company has a Maximum Funding Position which is determined by the number of employees of the firm and which sets the limit to the liability of the employer for such benefits. These plans provide that the maximum weekly benefit (including the benefit received from the state unemployment compensation system) would equal 65 per cent of the regular wages of the worker after tax deductions. In 1956 the maximum
weekly benefit that could be received by a single employee with no
dependents was $25 if he were also receiving state unemployment
benefits, and $48.30 if he were not receiving the state benefit.

In order to be eligible for supplemental benefits, the worker
must be on temporary layoff not for purposes of discipline or due to a
labor dispute. He must also be registered and eligible to receive state
unemployment benefits. The period of time for which benefits are
payable is determined by a system of credit units, with each worker
receiving one-half credit unit for each full workweek, or a maximum
of twenty-six credit units. Credit units are canceled as the worker
receives benefits; the number of credit units canceled depends on the
seniority of the worker and the condition of the Trust Fund. This
provision serves as a safeguard to prevent workers with low seniority
who are on frequent layoffs from depleting the fund, leaving nothing for
older workers in case of severe unemployment. The revisions of 1959
included increasing the maximum duration of benefits from twenty-six
weeks to thirty-nine weeks (depending upon the provisions of the state
system for unemployment compensation) and raising the maximum amount
of the benefit payable. In 1959 a single worker with no dependents could
receive a maximum of $30 per week in addition to the state benefit, or
$52 if he were not receiving a state benefit. Provision was also made to
allow the worker to earn up to $10 per week without reducing the size of
his benefit.
In addition to the Big Four, fourteen tire and tube plants agreed to establish a system for supplemental unemployment benefits in 1956. Although several of the plans were not formalized until sometime in 1957, the provision of three cents per hour for each employee and the acceptance of such plans in principle were a part of the 1956 negotiations. All of these plans were identical in terms of the basic provisions described above. The same fourteen plants revised their plans in the contract negotiations of 1959, and, again, all revisions were identical. Two additional tire and tube producers established such plans in 1960, incorporating the 1959 revisions made by other firms. This leaves only two firms in the tire and tube division without the system for supplemental unemployment benefits. At the same time, however, none of the footwear producers besides U.S. Rubber has established such a system. Thus, it is the system for supplemental unemployment benefits which provides the sharpest contrast in pattern bargaining—the identical following of the Big Four by most tire and tube producers, and the complete lack of following by any firm in the rubber footwear division.
CHAPTER VI

ECONOMIC FORCES AND THE DEGREE
OF CONFORMITY

Having considered the degree to which firms conform to the pattern bargain with regard to various contract provisions, an attempt must now be made to ascertain the reasons for the conformity or deviation which has been found to exist. This will involve an analysis of the relationship which exists between the varying degrees of conformity to the pattern and certain economic forces which may have an important effect on the bargaining positions of the parties. While some use has been made of information gained through interviews and from other studies, major reliance has been placed on the selection of data regarding these economic forces and an attempt to correlate these data with the information derived in the contract survey concerning pattern-following. The economic forces selected for analysis include the nature of the product, geographic location as it affects conditions of the labor market, size of the firm, ability-to-pay as measured by profits, and general economic conditions which reflect periods of economic expansion and contraction.
Nature of the product

From a theoretical point of view, the nature of the product may have numerous implications regarding the likelihood that an individual firm may conform to a pattern contract. If firms sell the same product in different markets, then each market is apt to have differing conditions of demand, including price elasticity, income elasticity, and the level of demand itself. Such forces will have significant influence upon the determination of price, the impact of firm size and the quantity of output on price, and the effects which cyclical changes may have on the firm. Since the market for rubber products in general and tires and tubes in particular is largely nation-wide in scope, this condition is not highly important in the rubber industry, although smaller firms may concentrate their sales in specific locations and establish some degree of market separation. The major exception, of course, is the division of the tire market into the original equipment sales and the replacement sales. Differences here exist in the nature of the buyer and his market power, the degree of competition faced by each seller, and the impact of general economic conditions and cyclical fluctuations on the demand.

In addition to selling the same product in different markets, another possibility is the production and sale of differing products by firms in the same general industry classification. If the "industry" is defined to include all firms producing the same product or products
which are close substitutes, then the "rubber industry" is really not one industry but several. About the only common element of firms in the so-called rubber industry is the use of rubber as a raw material, and perhaps some similarity in certain production processes. Thus, if two firms are producing different products, it is quite clear that each may face different conditions of both supply and demand. On the supply side, there may be differences in production methods, in capital investment required, in the quantity and quality of employees needed for a given volume of sales, costs of non-labor resources, and other relevant factors. From the standpoint of demand, there will very possibly exist varying competitive pressures, differing degrees of price and income elasticity, and variations in any other demand conditions which affect price determination and the possibility of profits.

Under such circumstances, the argument for pattern bargaining loses much of its weight. If the skills of workers are not the same, if they are engaged in different jobs, if their level of efficiency or productivity differs, then why should they receive the same wage levels and fringe benefits, or even the same wage increase? One of the problems arising with uniform increases within a given firm is the fact that over time the differential between wages paid skilled and unskilled workers tends to be diminished. At the same time, if the employer faces differing conditions of cost, demand, price, and profits as compared to another employer, what justification may be given to
induce both to follow the same pattern contract? In fact, essentially all the economic forces which may support uniformity of contracts within a given industry disappear when unlike products are involved or when an attempt is made to apply the same pattern to more than one industry.

In his study of pattern bargaining by the United Automobile Workers, Levinson found there was a consistently closer adherence to the pattern by firms which were more closely related to the automobile industry. For the period 1946-1955, about 25 per cent of all of the contracts negotiated in the automobile industry were below the pattern, compared to 40 per cent in the non-automotive firms.¹

The nature of the product appears to be a very dominant factor in explaining deviations from the pattern in the rubber industry. In the case of both wage increments and most fringe benefits, a very strong degree of pattern-following has been found among tire and tube producers, with extremely few indications of pattern-following among producers of rubber footwear. While pattern-following may be somewhat stronger in certain other divisions of the industry than in footwear, it seems to be the consensus of both union and management officials that pattern conformity becomes very weak outside the tire and tube division. For example, one company which very frequently deviated from the Big Four wage increase pointed out that, while they do manufacture tires,

over 70 per cent of their employment is in the production of industrial rubber products. Their concern was in making comparisons with other firms in this division rather than with tire and tube producers.

The product market for rubber footwear would seem to differ in several ways from the product market for tires and tubes. Footwear is a non-durable consumer good and, while tires may be given the same classification, tires and tubes for original equipment are sold to automobile manufacturers to be incorporated as part of a larger product. While sold eventually to the consumer, the consumer does not have much choice of tires when making the purchase of an automobile. The demand for rubber footwear is likely to be more elastic with respect to price than the demand for tires, since there are other types of footwear (such as leather footwear) which may often be used as a substitute. The demand for rubber footwear is also likely to be less sensitive to cyclical fluctuations of the economy, since it is a consumer product, non-durable, and is not closely allied with another industry affected by such fluctuations.

Comparing the footwear division with the tire and tube division, there are no doubt numerous differences in supply or cost conditions. Rubber footwear is regarded as a high labor-cost industry, with much of the work done by actual handling of the product and little automation of production processes. Footwear producers face competition from imported products produced by cheap foreign labor. There are also
likely to be differences in types of skill required, capital investment per worker, and economies due to firm size in contrast with the tire industry. With drastic differences between the products and distinctions existing in both demand and supply conditions, there seems little justification or likelihood that footwear producers will follow the pattern of the tire and tube firms. In fact, this difference in the product seems to be such an overwhelming factor in explaining deviation by footwear producers that no attempt has been made to apply the analysis of other economic factors discussed in this chapter to the footwear division. There would seem to be little point in analyzing that which does not exist, and there simply is not enough pattern-following by footwear producers to attempt an analysis. Of course, if a separate pattern were applied to the footwear division, these other forces would undoubtedly play some role in explaining the conformity or deviation which might result.

It should be emphasized further that some firms, while producing tires and tubes, are diversified to include the manufacture of other rubber products. These firms are likely to experience some of the circumstances ascribed to footwear producers, at least to a modified degree. While the Big Four producers are themselves diversified, they have experienced difficulty in recent years in applying the same contract across-the-board to all units. In fact, deviations from the pattern have been allowed on several occasions for certain non-tire
plants of the Big Four. Other companies which produce several products in the same or different plants may also find difficulty in following the tire pattern. Thus, diversification is another aspect involved with the nature of products which may help explain deviations from the pattern by some firms. Further exploration of problems raised here in applying the pattern to non-tire producers will be made in Chapter VII.

**Geographic location and conditions of the labor market**

Differences in geographic location may affect the individual firm in two respects—differences in conditions of the product market and differences in conditions of the labor market. As previously mentioned, in the case of the rubber industry, all firms generally compete in a nation-wide market so that varying conditions of the product market have no major impact on the firm. If rubber companies sold their products in separate local markets, then differences in conditions of demand which affect sales and price would be important in explaining the behavior of individual firms. Although the product market for tires and tubes is divided into the original equipment market and the replacement market, this division is not on the basis of geographic location. The fact that the product markets are essentially nation-wide in scope provides the basis for the union objective of greater uniformity in wages and fringe costs among firms in order to standardize labor
costs and remove this item from competitive pressure. Thus, the success of pattern bargaining would be greatly jeopardized if the scope of the product market were local with varying conditions of demand.

Even though the product market is national in scope, labor must be purchased in local markets with conditions which vary greatly depending on geographic location. In some labor markets, a firm may employ a very substantial share of the available labor—the existence of a monopsony or oligopsony market in which the firm has a significant influence on prevailing wage rates. On the contrary, other labor markets may be sufficiently large in size and the firm sufficiently small so that labor is purchased under competitive conditions in which the firm has no significant impact on prevailing wages, but must meet the wage rates set by the market.

Some companies find themselves in high-wage areas and others in low-wage areas. Such geographic differentials have not been eliminated automatically by the mobility of labor and industry, but have continued to persist in the American economy. Whether the area is largely agricultural or urban may have effects on such factors as the availability of labor (which can often be attracted from agriculture to industry), the scarcity of certain types of skilled employees, the level of the income base of the region, and general attitudes of the labor force.

Differences in geographic location may provide an argument for management to justify deviations from the pattern bargain. Management
may assert that wage levels and fringe benefits should conform to the local area rather than be uniform on an industry-wide basis. Obviously, a company may have difficulty in hiring an adequate labor force if other firms in the same location are paying substantially more. Thus, it would seem that if the firm is hiring labor in a competitive market, it would have to at least meet the prevailing wage standards of that market. On the other hand, management probably would not consider it desirable to pay substantially above the prevailing level, since such policy would not be necessary to obtain an adequate labor supply and since there are always pressures to keep costs at a minimum. Of course, if the company is the major employer of labor in the area, it may go far in establishing the market wage level by its own practices.

The labor union is less likely to accept differences in geographic location as a justification for deviations from the pattern. Union representatives would point to a lack of competition in most labor markets as evidenced by the persistent wage differentials in the same location for the same occupation. The union likewise sees little justification for paying different wage rates to workers doing exactly the same job just because the location of employment differs. Thus, in theory, it would seem that differences in geographic location and the varying conditions of the labor market are likely to be used by management in an effort to avoid following the pattern bargain of the industry, but the union will probably be reluctant to allow deviations for this reason.
Data presented in Table 4 are selected in order to indicate differences in earnings and income found in the labor markets in which tire and tube producers are located. The difficulty of obtaining comparable data is shown by the numerous instances in which data were not available, especially with regard to the smaller cities. In the case of plantwide average earnings for the tire and tube producers, data were made available from union sources on the condition that specific wage rates would not be quoted and identified with the individual firm. Therefore, each plant is simply ranked as having a high, medium, or low wage level to give some understanding as to its relation to other plants of the industry. Hourly earnings of $2.85 and above are classified as "high," $2.70 to $2.85 as "medium," and below $2.70 as "low." In certain cases as indicated in Table 4, plantwide averages were not available, but were estimated from wage rates of certain selected occupations in contrast with similar rates for plants for which the plantwide average was known. Other information relevant to population characteristics of labor market areas is given in Table 5, including the population of the immediate city in which the rubber plant is located and the population of the larger state economic area in which this city is included. Additional columns indicate the relative importance of manufacturing in the area and the degree of urbanization. From the information presented in Tables 4 and 5, several observations may
## TABLE 4

**EARNINGS AND INCOME BY LABOR MARKET**

**Tire and Tube Producers**

<table>
<thead>
<tr>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Akron, Ohio</td>
<td>High</td>
<td>$3.03 $2.85 $121.46 $6735</td>
<td></td>
<td></td>
</tr>
<tr>
<td>B</td>
<td>Akron, Ohio</td>
<td>High</td>
<td>3.03 2.85 121.46 6735</td>
<td></td>
<td></td>
</tr>
<tr>
<td>C</td>
<td>Barberton, Ohio</td>
<td>High</td>
<td>3.03e 2.85e 121.46 6735</td>
<td></td>
<td></td>
</tr>
<tr>
<td>D</td>
<td>Mansfield, Ohio</td>
<td>Highd</td>
<td>118.61 6014</td>
<td></td>
<td></td>
</tr>
<tr>
<td>E</td>
<td>Warren, Ohio</td>
<td>Mediumd</td>
<td>2.93</td>
<td>120.00 6210</td>
<td></td>
</tr>
<tr>
<td>F</td>
<td>Findlay, Ohio</td>
<td>Medium</td>
<td>95.87</td>
<td>5425</td>
<td></td>
</tr>
<tr>
<td>G</td>
<td>Dayton, Ohio</td>
<td>Highd</td>
<td>2.73</td>
<td>121.71 6687</td>
<td></td>
</tr>
<tr>
<td>H</td>
<td>Cumberland, Md.</td>
<td>Mediumd</td>
<td></td>
<td>4812</td>
<td></td>
</tr>
<tr>
<td>I</td>
<td>Baltimore, Md.</td>
<td>Low</td>
<td>1.79 2.38</td>
<td>8277</td>
<td></td>
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<tr>
<td>J</td>
<td>Buffalo, New York</td>
<td>High</td>
<td>2.92 2.69</td>
<td></td>
<td></td>
</tr>
<tr>
<td>K</td>
<td>Conshohocken, Pa.</td>
<td>Mediumd</td>
<td>2.55e 2.38e</td>
<td></td>
<td></td>
</tr>
<tr>
<td>L</td>
<td>West Haven, Conn.</td>
<td>Medium</td>
<td>2.46e 2.28e</td>
<td></td>
<td></td>
</tr>
<tr>
<td>M</td>
<td>Waco, Texas</td>
<td>Low</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>Oakland, Cal.</td>
<td>High</td>
<td>2.60 2.79</td>
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</tr>
<tr>
<td>O</td>
<td>Des Moines, Iowa</td>
<td>Medium</td>
<td>2.54</td>
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<td></td>
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<tr>
<td>P</td>
<td>Grand Rapids, Mich.</td>
<td>Lowd</td>
<td>2.52</td>
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<td>Q</td>
<td>Denver, Colo.</td>
<td>Mediumd</td>
<td>2.42</td>
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<tr>
<td>R</td>
<td>West Helena, Ark.</td>
<td>Lowd</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>S</td>
<td>Natchez, Miss.</td>
<td>Medium</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

TABLE 4 (Footnotes continued)

Source: Division of Research and Statistics, Bureau of Unemployment Compensation (Ohio), Average Employment, Total Payroll, and Average Weekly Earnings Under the Ohio Unemployment Compensation Law, Statewide and By County, 1943 through 1962.


In these cases plantwide earnings were not available, but were estimated from wage rates of certain selected occupations. Hourly earnings of $2.85 and above are classified as "high," $2.70 to $2.85 as "medium," and below $2.70 as "low."

Three cities are adjacent to larger cities and are considered to be a part of the same labor market. Figures are for the larger city--Akron figures are used for Barberton, Philadelphia figures for Conshohocken, and New Haven figures for West Haven.
<table>
<thead>
<tr>
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<tbody>
<tr>
<td>A</td>
<td>Akron, Ohio</td>
<td>290,351</td>
<td>513,569</td>
<td>85.9</td>
<td>48.8</td>
</tr>
<tr>
<td>B</td>
<td>Akron, Ohio</td>
<td>290,351</td>
<td>513,569</td>
<td>85.9</td>
<td>48.8</td>
</tr>
<tr>
<td>C</td>
<td>Barberton, Ohio</td>
<td>33,805</td>
<td>513,569</td>
<td>85.9</td>
<td>48.8</td>
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<tr>
<td>D</td>
<td>Mansfield, Ohio</td>
<td>47,325</td>
<td>434,261</td>
<td>46.0</td>
<td>37.1</td>
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<tr>
<td>E</td>
<td>Warren, Ohio</td>
<td>59,648</td>
<td>509,006</td>
<td>74.9</td>
<td>49.6</td>
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<tr>
<td>F</td>
<td>Findlay, Ohio</td>
<td>30,344</td>
<td>397,651</td>
<td>51.1</td>
<td>28.6</td>
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<td>G</td>
<td>Dayton, Ohio</td>
<td>262,332</td>
<td>694,623</td>
<td>80.7</td>
<td>41.4</td>
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<td>H</td>
<td>Cumberland, Md.</td>
<td>33,415</td>
<td>104,589</td>
<td>43.3</td>
<td>29.1</td>
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<td>I</td>
<td>Baltimore, Md.</td>
<td>939,024</td>
<td>1,638,084</td>
<td>73.9</td>
<td>8.3</td>
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<td>J</td>
<td>Buffalo, New York</td>
<td>532,759</td>
<td>1,306,956</td>
<td>86.1</td>
<td>40.4</td>
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<tr>
<td>K</td>
<td>Conshohocken, Pa.</td>
<td>10,259</td>
<td>3,591,520</td>
<td>89.1</td>
<td>36.2</td>
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<td>L</td>
<td>West Haven, Conn.</td>
<td>43,002</td>
<td>660,315</td>
<td>88.2</td>
<td>45.0</td>
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<td>M</td>
<td>Waco, Texas</td>
<td>97,808</td>
<td>150,091</td>
<td>73.4</td>
<td>14.6</td>
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<td>N</td>
<td>Oakland, Cal.</td>
<td>367,548</td>
<td>2,783,355</td>
<td>92.0</td>
<td>20.0</td>
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<tr>
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<td>Des Moines, Iowa</td>
<td>208,982</td>
<td>266,315</td>
<td>88.5</td>
<td>20.4</td>
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<td>P</td>
<td>Grand Rapids, Mich.</td>
<td>177,313</td>
<td>363,187</td>
<td>78.7</td>
<td>39.5</td>
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<td>Q</td>
<td>Denver, Colo.</td>
<td>493,887</td>
<td>855,129</td>
<td>90.7</td>
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<tr>
<td>R</td>
<td>West Helena, Ark.</td>
<td>8,385</td>
<td>351,619</td>
<td>25.2</td>
<td>6.5</td>
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<tr>
<td>S</td>
<td>Natchez, Miss.</td>
<td>23,791</td>
<td>227,890</td>
<td>33.9</td>
<td>18.2</td>
</tr>
</tbody>
</table>

*Figures in this column were obtained from: U.S. Dept. of Commerce, Bureau of the Census, U.S. Census of Population-1960, State Economic Areas, PC(3)-1A. All other data were obtained from: Donald J. Bogue and Calvin L. Beale, Economic Areas of the United States (New York: The Free Press of Glencoe, Inc., 1961).*
be made in reference to specific plants and conditions of their labor markets:

1. Firm E, paying a medium high wage rate in 1960, is located in a labor market dominated by another industry. Hourly earnings in manufacturing are higher in this market than in Akron, which generally has the highest wage rates among rubber tire producers. Weekly earnings in this market are about the same as in Akron. It is interesting to note that this firm, although very small, has generally followed the pattern bargain for the tire industry rather than the pattern of the industry which dominates its labor market. Perhaps the likelihood of accepting the pattern by this firm is enhanced by the fact that its wage level appears to be below the average for the tire industry and also the average for the labor market in which it operates.

2. Firm F, which is on the dividing line between small and medium-sized firms, pays a medium wage rate among tire producers but the lowest among tire producers in Ohio. It may be noted that both average weekly earnings in manufacturing and median family income are lowest in this market among the Ohio areas included in Table 4. However, this company has generally followed the wage increase of the Big Four producers.

3. Firm G is a medium-sized Ohio producer and pays a high hourly rate comparable to the Akron plants. Although both median family income and average weekly earnings of this area are close to the
figures for Akron, average hourly earnings of manufacturing workers are substantially below that of the Akron area. Since wage rates paid by this firm are substantially above the average for the market, this may help to explain the deviation made several times from the pattern increase. Accepting the Big Four increase at times might tend to put the firm too far above the wage level prevailing in the market.

4. Firm H, paying a medium wage rate, operates in one of the smaller labor markets in which median family income ranks quite low among areas surveyed. This may be partially explained by the fact that less than half of the population is urban, and only about 30 per cent of the labor force is engaged in manufacturing. Thus, the median family income may be pulled down considerably by the non-manufacturing employments of the area.

5. Firm I, a small producer which pays a low level of earnings and generally does not follow the pattern for wage increases, is located in a highly populated area which ranks first in median family income among markets included in the table, but has a rather low level of earnings for production workers in manufacturing. Thus, the high median income results from non-manufacturing employments. However, a below-pattern settlement may be negotiated by Firm I at least in part because its wage level, though low, is still above the average for manufacturing workers in the area.
6. Firms R and S are both located in Southern areas having a very low median family income, a small degree of urbanization, and a relatively small per cent of workers engaged in manufacturing, particularly in the case of Firm R. This firm paid the lowest level of earnings among tire producers in 1960, due at least in part to its recent unionization and the lack of time to catch up with the rest of the industry. It would also seem likely that in an area dominated by agriculture with a low-income base, industry may be able to attract workers even though wage levels remain considerably below those prevailing in more industrialized areas. However, in spite of this possibility, Firm S pays a medium level of earnings, surpassing that of some tire producers located in much more urbanized and industrialized labor markets.

More general observations may also be drawn from the labor market data in Tables 4 and 5. While there is wide variation among wage levels paid by tire and tube producers, there is also wide variation among different geographic areas with regard to average earnings in manufacturing and median income levels. While there are exceptions, there does seem to be some correlation between average earnings in tire and tube plants and average earnings for all manufacturing workers. The correlation appears less significant when comparing with the median income level. This is probably affected most by the per cent of the labor force engaged in manufacturing, and the greater influence
which non-manufacturing employments may have on the median income level. There does not appear to be a significant relationship between the size of the labor market and the average earnings of manufacturing workers or tire and tube producers.

Thus, the impact of geographic location and conditions of the labor market upon conformity to a pattern are somewhat uncertain. It does, however, appear that pressure for conformity is greater in the Akron area, the focal point of the industry, and that deviations may in certain cases be allowed more readily for producers in other locations. Carpenter and Handler, in their recent study, cite the example of one small company in Akron which explained the fact that its rates were on a level with the Big Four in terms of labor market pressures--that it would be difficult to attract and hold labor on any basis other than close conformity to prevailing rates. In another instance, a small company outside the Akron area was paying a rate scale about 10 per cent below that of Akron. Although using higher costs of production as its defense, management felt that labor market and union pressures would have made the rate differential unlikely had the company been located in Akron.2 Thus, while generalizations with regard to specific effects of certain labor market conditions are difficult to make, there does seem to be

some impact on pattern conformity or deviation resulting from differences in geographic location. At least in certain instances, it would appear that such factors help to explain deviations from the pattern.

**Size of firm**

In order to justify deviations from the pattern on the basis of size, it must be shown that the size of a firm has some effect either on conditions of demand or costs. While the impact on product demand is difficult to measure, it does seem likely that the larger firm may obtain some advantage by selling in wider markets and using more extensive advertising and sales promotion. If the brand name of the large firm is better known than the brand of the small firm, then a larger volume of sales and possibly a price differential may result. However, if the product is sold to a distributor who uses his own private brand, this difference would become less important.

On the cost side the picture is likewise not too clear. One writer suggests that relative cost shares are affected significantly by size. Big Four producers have cheaper materials cost due to integration, but experience higher cost from their large distribution organizations which seem to offset the advantage in materials cost. In addition, the larger companies must maintain larger inventories which require a greater amount of working capital. This writer concludes that as a
consequence the smaller firms have lower total average costs. 3

Reynolds points out that larger companies have higher selling expenditures which raise both costs and demand, so that the larger companies receive about a 10 per cent price differential, but earn about the same profit margin as the smaller firms. 4

In his doctoral dissertation, Clarence Jung asserts that the number of producers in the industry is probably fewer than is "economic." Although large firms can more easily survive losses occasioned by price cutting in the industry, there seems to be no evidence that returns to scale would warrant such concentration of production as exists in the tire industry. What little data are available would indicate that perhaps constant returns to scale is a more adequate description of cost behavior. In fact, prior to World War II, Akron plants may have been experiencing a stage of decreasing returns. Jung quotes the Bureau of Foreign and Domestic Commerce as saying that if there is an identical material, labor costs per unit, and the same management, a plant which at capacity produces 1000 tires a day is about as economical to operate as a plant which produces 10,000 to 20,000 tires per day. The Bureau felt that plants producing

3James M. McLain, "The Theory of the Firm and Competition in the American Rubber Industry" (unpublished doctoral dissertation, The Ohio State University, Columbus, 1959), p. 188.

more than 50,000 tires per day were probably producing at a higher
cost per unit.\footnote{Clarence R. Jung, "Business Expectations and Plant Expansion" (unpublished doctoral dissertation, The Ohio State University, Columbus, 1953), pp. 118-119.} It should be noted that these statements were made in 1933 and would not reflect any changes which automation and technological advancement have brought about since that time. It would appear very probable that larger firms find it economically more feasible to adopt new production techniques which are often geared to large-scale output. They will also often be in better position to raise the necessary capital to finance these investments. This appears to be substantiated in the present study by the fact that the two firms which most frequently deviate from the pattern are small firms with relatively old and out-dated equipment.

Further comment on the effects of technology is made by John D. Gaffey in his 1940 study of labor productivity in the tire industry. Gaffey maintains that technological developments, which for a long time gave the advantage to larger units, have shifted in the direction of more individualized equipment since about 1929. Thus, he says it is possible to operate a modern plant with a capacity of from 5000 to 10,000 tires per day at costs which compare favorably with those of a plant several times that size, provided the smaller
plant specializes on a few types and sizes. This would suggest that multi-plant firms may have an advantage over single-plant firms, even though the size of the plant is the same. Multi-plant firms would find it possible to achieve this specialization in types and sizes of tires, whereas the single-plant firm may feel compelled to produce the full line and thus have to make frequent changes in its production set-up.

In a recent study including all firms in the Ohio rubber industry, Truly Kincey has made several findings relative to the size of firms. For most of the years of the 1940-1949 period, a definite correlation existed between the size of firm and the ratio of net income to gross sales and gross receipts from operations. Although small firms are less likely to be profitable than large firms, those that do have profit may well be relatively as high as the larger companies. The ratios of current assets to current liabilities, as a rough measure of solvency, likewise indicates that small firms generally are not in as strong a financial position as larger companies. On the other hand, value added by manufacture per employee, a measure of productivity, shows that small firms have as great a value added as larger companies among rubber firms in the United States. In fact, there was some

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indication that for the State of Ohio productivity appeared to be greater for small firms than for large firms. 7

From the standpoint of the international union, making concessions to the smaller firms by permitting deviations from the pattern is a negation of the whole concept of pattern bargaining and may seriously threaten the compliance of other firms in the industry. It also violates the principle of equal pay for equal work, and undermines the objective of taking wages out of competition. Thus, there are strong pressures within the union to refuse below-pattern settlements when negotiating with the smaller firms. However, on the practical side, unions often do find that they may permit some deviation by small producers which could not be permitted by larger companies. Small firms account for a small fraction of total output and are thus not regarded as a serious competitive threat to the larger firms. Large companies may even encourage the continued existence of small companies in order to present the appearance of a competitive industry to the government and general public. Much pressure to accept a below-pattern settlement may also be placed on the international representatives by the local union which fears closing of the plant and loss of jobs if concessions are not made.

7Truly E. Kincey, "A Study of The Relationship Between Firm Size and Some of the Factors Important in Establishing Supplemental Unemployment Benefits Programs In The Ohio Rubber Industry" (unpublished doctoral dissertation, The Ohio State University, Columbus, 1963), pp. 102-103, 120.
From the analysis of contracts in the rubber industry for 1946 through 1960, there are several indications that the size of firms does have an influence on conformity to the pattern. Using the distinction of the Small Business Administration, firms with 1000 or fewer employees are classified as small. In the tire and tube division, deviations from the Big Four pattern seem to occur more frequently among small firms, and the degree of deviation is likely to be greater as compared with larger firms. For example, on wage increases, firms having more than 1000 employees made some deviation (often slight) below the pattern nineteen times during the 1946-1960 period, while small companies with fewer than 1000 employees negotiated settlements below the pattern some twenty-eight times. This difference gains added significance when it is realized there are fewer firms classified as small, and thus fewer negotiations in total. It was found also that whenever settlements are made that are somewhat superior to the Big Four pattern, such settlements are more frequently made by the larger companies rather than the small ones.

In the tire and tube division, two firms were found to be the most consistent deviators, both in wage increases and in fringe benefits. Both of these firms are small, and have fewer than 500 employees. However, only one other firm has fewer than 500 employees, and this firm very seldom deviates from the pattern. While it would appear that small firms are more likely to deviate,
it would also seem there is no inherent reason why small companies must negotiate below-pattern settlements. Deviation from the pattern is not restricted to the small firm. One of the medium-sized producers was found to rank third in the frequency of deviation from the pattern, although the extent of the deviation was considerably less than for the first two.

No particular significance would result from analyzing the size of rubber footwear producers, since the degree of pattern-following is so slight. However, it is of some interest to note that the firm appearing to have the best record of pattern-following is also the smallest of the footwear producers organized by the URW and considered in this study. Thus, while there is some evidence that the size of the firm may have an influence on its conformity with or deviation from the pattern, this analysis would suggest that size alone does not provide a complete explanation.

**Ability-to-pay: profits**

While it is recognized that profit or net income is not a perfect index of a firm's ability to pay, it is believed that such a measure would perhaps be a better indicator than any other single factor. It is quite obvious that needs of the firm may require the reinvestment of profits for expansion purposes or the holding of profits in various reserve accounts. Such profits would not be available to finance
improved benefits for employees and therefore would not show a true measure of the firm's ability to conform to any pattern bargain set for the industry. On the other hand, it may be contended that profits will reflect certain specific factors of importance, such as managerial ability, skills of workers, technological methods and equipment, which appear in various productivity measures and thus have an impact on costs of production and the profitability of the firm.

It is likely that management may use ability-to-pay as a major argument in bargaining negotiations, especially when profits are low and may be used to justify a below-pattern settlement. The union is less apt to consider ability-to-pay as a valid criterion, since this would tend to shift the responsibility for profits to the employees although most policies and decisions which would affect profits are in the hands of management. To accept a below-pattern settlement from a low profit firm amounts to forcing employees to subsidize the inefficiency of this producer. However, if the financial condition of a firm is so poor that its very survival is threatened, there is greater likelihood that the union may be willing to make concessions, particularly if the difficulty seems to be of a temporary nature. No doubt this likelihood is enhanced by pressure from employees who fear the loss of jobs, and would be greater in periods of slack employment. While high profits may entice the union to seek an above-pattern settlement, it is likely that the opposition from management would be
dominant unless there is a desire to achieve "prestige" or employee
good-will by providing above-average benefits. Generally, however,
the pattern bargain as set by Big Four negotiations would essentially
become the maximum which the union might expect to achieve.

The relative shares of income originating in the rubber products
industry have shown little change over the long-run period. In 1929
profits before taxes accounted for 4.5 per cent of the income originating
in the rubber products industry; the average for the years 1947-1955
was 22.9 per cent. This was below the average for all manufacturing,
which stood at 22.1 per cent for 1929, and 25.2 per cent for the 1947-
1955 period. The low profitability of the industry in 1929, relative to
all manufacturing industries, reflects the temporary effects on profits
of widely fluctuating prices of crude rubber, a striking feature of the
industry during the 1920's. After 1934 there was notable improvement
in the earnings of the industry which helped to bring its profit per-
centages more in line with those prevailing in total manufacturing. The
post-war years have seen a further improvement in the profitability of
the industry, although its profit share has continued to remain below
that of all manufacturing industries. The ratio of profits to sales,
both before and after tax deductions, has been below that for all manu-
ufacturing industries in almost every year of the post-war period. The
return on net worth, however, after falling below the rate for all
manufacturing in the early post-war years, rose above the
all-manufacturing average in 1950 and has exceeded it in almost every subsequent year to date. 8

Information with regard to net profit as a per cent of sales for individual tire and tube producers is presented in Table 6. Several pertinent observations may be drawn from these data:

1. Profit as a per cent of sales varies significantly in a given year, among both the Big Four producers and the non-Big Four companies. In addition, Big Four profit ratios are not necessarily higher than the ratios for other firms in the industry.

2. The effect of cyclical changes in the economy are reflected clearly by the decreased profit ratio of most firms, and the incurring of losses by some. This is true for each of the post-war recessions, although the 1958 downturn seems to have had the least effect on profits.

3. Cyclical fluctuations do not affect the profit ratios of all firms to the same degree. Some firms experience drastic declines in profits, while others suffer only mild effects. In general, the profit ratios of the Big Four seem to have been somewhat more stable than the ratios for other producers. This would seem unexpected at first glance, since the Big Four have almost exclusive control of the original equipment market where cyclical fluctuations are most violent. However,

### TABLE 6

**PROFIT AS PER CENT OF SALES FOR SELECTED TIRE AND TUBE PRODUCERS**

<table>
<thead>
<tr>
<th>Year</th>
<th>Rubber Industry</th>
<th>Goodyear</th>
<th>Goodrich</th>
<th>Firestone</th>
<th>U.S. Rubber</th>
<th>General</th>
<th>Seiberling</th>
<th>Mansfield</th>
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<tbody>
<tr>
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<td>5.87</td>
<td>7.20</td>
<td>4.79</td>
<td>3.02</td>
<td>5.41</td>
<td>3.67</td>
<td>5.55</td>
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<tr>
<td>1947</td>
<td>4.4</td>
<td>3.81</td>
<td>5.95</td>
<td>4.23</td>
<td>3.74</td>
<td>4.66</td>
<td>1.31</td>
<td>4.86</td>
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<td>3.42</td>
<td>5.95</td>
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<td>4.52</td>
<td>1.65</td>
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<td>3.19</td>
<td>5.74</td>
<td>3.08</td>
<td>2.91</td>
<td>1.10</td>
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<td>-1.73</td>
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<td>3.33</td>
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<td>3.62</td>
<td>4.11</td>
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<td>5.07</td>
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<td>2.78</td>
<td>2.25</td>
<td>2.23</td>
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<td>3.02</td>
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</table>

*aFigures in this column are taken from: Statistics of Manufacturing Industries, Rubber Products Industry (New York: National Industrial Conference Board, 1959), p.75. All other data in the table are from Moody's Industrial Manual. In some cases, percentages have been computed from data on net sales and net income.*
<table>
<thead>
<tr>
<th>Year</th>
<th>Armstrong</th>
<th>Mohawk</th>
<th>Corduroy</th>
<th>Denman</th>
<th>Dayton</th>
<th>Cooper</th>
<th>Lee</th>
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<tbody>
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<td>-5.95</td>
<td>-1.35</td>
<td>0.72</td>
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</table>
the relative stability of the Big Four is probably gained from their participation in the replacement market and also from the greater degree of diversification in the production of numerous products.

4. Small producers do not necessarily experience lower profit ratios or greater fluctuation of profits as compared with larger firms. Of the two smallest firms included in Table 6, Corduroy and Denman, Corduroy appears to have enjoyed favorable profit ratios in most of the post-war years (although the trend has been downward) and has not had extreme fluctuations. Denman profits have been somewhat more unstable, but have been quite favorable in the more prosperous years. On the other hand, some of the larger firms such as Seiberling and Mansfield have earned very moderate profits as related to sales and also show the clear impact of cyclical changes in the economy.

The effect of profits on the degree of conformity to the Big Four pattern is not clear-cut. Since there are substantial variations in the profit ratios of the Big Four but each of the Big Four accepts essentially the same contract improvements, it does not appear that the union would be inclined to make concessions readily for other firms on the basis of profits. In attempting to analyze the cases where profit ratios are either negative or extremely low, it is possible to find instances where some deviation from the pattern occurred or where acceptance of the pattern apparently came late. On the other hand, there are also instances in which firms followed the precise settlement of the Big Four
even though current profit ratios were extremely low. It is also true that substantial deviations from the pattern were on occasion made by producers having quite favorable profit ratios. This would suggest that either net profit as a per cent of sales is not a good measure of ability-to-pay, or that ability-to-pay is not a major criterion in explaining conformity with or deviations from the pattern bargain. In reality, perhaps both situations are true to some degree.

Low profits or lack of ability-to-pay do seem to have greater influence in extreme cases. As mentioned previously, where the survival of the firm is clearly threatened, employees may be much more concerned about the loss of jobs than they are about accepting a below-pattern contract. In such situations, the welfare and interests of the local union may conflict with that of the national union, since bargaining concessions may weaken the effectiveness of pattern bargaining for the entire industry. Although officials of the URW indicated a willingness to "cooperate" in cases where serious financial difficulty could clearly be shown, it is likely that pattern deviations would be accepted much more reluctantly from the large producer which would have more impact on the industry and the success of pattern bargaining. In his recent study of pattern bargaining in the automobile industry, Levinson found that many of the large companies, although faced with serious financial difficulties, achieved very little, if any, modification of the pattern contract. In small firms, on the other hand, where the
union was not concerned about the indirect effects of below-pattern agreements on the general standards of the industry, the union normally was quite willing to make substantial concessions upon a clear showing of financial difficulty.⁹

From this analysis of profit ratios among tire and tube producers, it would seem that the profitability of the firm may at times be a factor in explaining deviations from the pattern bargain, but that low profits do not automatically or necessarily justify union acceptance of a below-pattern settlement. Where extreme financial difficulties are present, the union is more inclined to allow concessions, especially in the case of smaller firms which do not have important effects on the success of pattern bargaining for the entire industry. Thus, the combination of low profits and small size may constitute a relevant factor in explaining pattern deviations.

General economic conditions

It is common knowledge that not all industries and firms are affected in the same way by changes in general economic conditions. Periods of recession and prosperity may cause drastic effects on demand and prices for some industries, while other industries experience very little impact. Although the progress of the tire and tube industry has been profoundly influenced by developments in the

⁹Levinson, loc. cit.
automobile industry, its pattern of growth has not exhibited the same
degree of instability characteristic of the automobile industry. This
greater stability of the tire and tube industry is due in large part to the
influence of replacement demand. Over the period 1929-1958, ship­
ments of replacement tires have ranged from 58 per cent to 85 per cent
of total tire shipments. The replacement share of this total has been
relatively high in years of depressed automobile production. The
demand for replacement tires is determined by relatively stable
patterns of motor vehicle use, and by technical modifications of tire
construction affecting the longevity of tires. Thus, this portion of tire
demand is relatively insensitive to cyclical changes in general business
conditions. On the other hand, the demand for original equipment tires
is directly related to the manufacture of motor vehicles, a cyclical
activity characterized by wide fluctuations. These broad distinctions
in the market characteristics of replacement and original equipment
tires are reflected in total shipments, and in the behavior of industrial
companies whose volume may be primarily in one or the other of the
two markets. 10

During the 1930's shipment of replacement tires declined due to
the inauguration of the practice of equipping new automobiles with spare
tires, and also due to the longer life span of tires. However, the

10 Statistics of Manufacturing Industries--Rubber Products Industry
post-war trend in shipments of replacement tires differs significantly from its prewar pattern. In the early post-war years, annual fluctuations were more pronounced than in prewar years. Since 1951 there has been an almost uninterrupted upward trend due to an accelerated growth of the number of vehicles on the road, the rising level of miles traveled per vehicle, and lower tire mileage caused by heavier and higher-powered cars. Taking the post-war period as a whole, shipments of replacement tires appear to have become extremely insensitive to the operation of cyclical forces. ¹¹

The movements of shipments of original equipment tires in pre-war years followed a cyclical pattern generally parallel to motor vehicle production. From 1929 to 1932 shipments of original equipment tires fell by 69 per cent, as compared to a 74 per cent decline in automobile production. In 1937 original equipment tire shipments were 15 per cent above the 1929 level, while automobile production was 10 per cent above that of 1929. This relative gain for tires was due to the addition of the spare tire for new cars. The return of peacetime conditions after 1945 did not bring any significant change in the relationship between the demand for original equipment tires and motor vehicle production. ¹² In the recession of 1958 shipments of original equipment tires fell by 10 per cent, while automobile production was 7 per cent below the 1957 level. This relative gain for tires was due to the addition of the spare tire for new cars.

¹¹Ibid., p. 6.
¹²Ibid., p. 6.
equipment tires dropped by 28 per cent from 1957 levels. In fact, the low level of automobile production in 1958 cut original equipment shipments by 45 per cent from the record year of 1955. In spite of the recession and a sharp drop in consumer spending, demand for replacement tires moved upward to a record high, with shipments 9 per cent above the 1957 level. If the replacement tire market had not expanded, the tire industry would have suffered a much more drastic slump.¹³

Data presented in Table 7 were selected to indicate the cyclical nature of the rubber products industry in general, and the tire and tube division in particular. During the period covered by this study three business recessions have occurred, the lower turning points coming in the years 1949, 1954, and 1958. Almost all indicators reveal the effects of these recessions on the rubber industry. The Federal Reserve Index of Production reveals that tire and tube production fell to lower levels than production for the entire rubber products industry in each of the three bottom years, and that in each case rubber products output was below the index for all manufacturing.

Retail prices of passenger tires have shown greater variation than retail prices for all commodities. With a slow rise in the years immediately following the close of World War II, the Consumer Price

# TABLE 7

SELECTED DATA FOR RUBBER INDUSTRY
AND GENERAL ECONOMY

<table>
<thead>
<tr>
<th>Year</th>
<th>Federal Reserve Index of Production (1947-49=100)</th>
<th>Consumer Price Index (1947-49=100)</th>
<th>Wholesale Price Index (1947-49=100)</th>
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<tr>
<td></td>
<td>All Mfg. a Rubber Products Tires &amp; Tubes</td>
<td>All Items b Passenger Tires</td>
<td>All Items b Rubber Products b Tires &amp; Tubes Rubber Footwear</td>
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<td>1958</td>
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### TABLE 7 (Continued)

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<thead>
<tr>
<th>Year</th>
<th>Net Income in Relatives (1947-49=100)</th>
<th>Output per Man-Hour (1957-59=100)</th>
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<td>Tire &amp; Rubber Companies (5)</td>
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### TABLE 7 (Continued)

<table>
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<th>Year</th>
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<th>Employment (thousands of employees)</th>
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<td>Rubber Industry</td>
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Index for tires advanced sharply in 1950 and 1951, increasing twice as much as all commodities above the 1947 level. This rapid increase was due, of course, to the intensified demand brought on by the conflict in Korea. In 1952 a reversal of tire prices occurred, and the Consumer Price Index on tires fell for three consecutive years while the general price level for all commodities was rising. The greatest drop in tire prices for this period came during the 1954 recession, after which the upward movement was resumed at a faster rate than the overall commodity price index. In the 1958 recession the Consumer Price Index continued to rise, both for tires and for all commodities, indicating that price fluctuations may no longer be a signal of economic contraction.

Wholesale prices of rubber products also tend toward greater fluctuation than the index for all commodities, and the pattern of price movements is quite similar to that of consumer prices. It may be observed that wholesale prices for rubber footwear have tended to be somewhat more stable than prices of tires and tubes. Except for relatively small declines in 1949 and 1953, the trend of footwear prices has been consistently upward. In fact, wholesale prices for all rubber products have experienced substantially greater increases than prices for all commodities combined in the general index.

A comparison of net income in relatives for 378 industrial companies and 5 tire and rubber companies illustrates quite vividly the effect of economic conditions on the rubber industry. In 1949,
while the industrial company income decreased by 10 points, income of the tire and rubber companies fell 27 points. In 1954, the tire and rubber companies had a 10-point decrease in income, but the income of industrial companies was continuing to rise by 8 points. It may also be noted that income for the rubber firms shows greater increases in prosperous years than for the industrial companies. However, this does not mean that rubber company profits were higher than that of industrial companies, since the data in Table 7 are only index numbers showing the relative change from profits in 1947-1949. Wide variations in profits of individual tire companies and the incidence of losses in some cases during years of recession may be observed also from Table 6 in the preceding section of this chapter.

Output per man-hour of all employees in the tire and tube industry increased by about 60 per cent--an average rate of 3.1 per cent a year--during the post-war period 1947-1960. Although advances in output per man-hour took place in most of these years, they were not uniform. In 1950, 1955, and 1957 through 1959, the increases were substantially above the average for the period; in 1951 and 1952, sizeable declines occurred. For the thirteen-year period as a whole, the 60 per cent gain in output per man-hour was accompanied by a 22 per cent gain in output and a 24 per cent decline in man-hours. On the whole, year-to-year changes in output per man-hour were not closely related to changes in total output, although in the three years when output made
substantial gains, output per man-hour also rose substantially. In 1958, when the rubber industry was operating at depressed levels, the increase in productivity was nevertheless greater than the average increase over the previous ten-year period. Since productivity usually drops when company operations decline, this fact indicates that there were special sustaining forces operating in the industry. New machinery, changed techniques, and improved skills have all combined to help the industry achieve increased production for each hour of work.

Investment in new plant and equipment is regarded as a highly volatile part of total spending and extremely sensitive to cyclical fluctuations of the economy. Thus, such expenditures should be a good indicator of the instability found in the rubber industry. An examination of the data in Table 7 shows that expenditures for new plant and equipment decreased markedly in each post-war recession, with the greatest decline occurring in 1958. A similar pattern may be observed for both the rubber industry and all manufacturing combined. If information were available for the tire and tube division of the rubber industry, even greater fluctuation of expenditures on new plant and equipment doubtless would be found.


The general trend of employment in the rubber industry has been downward, with particularly steep declines occurring during periods of recession. The two major segments of the industry responsible for this decline are the tire and tube division and the rubber footwear division. In fact, many other segments of the industry have experienced an increase in employment, especially in the field of mechanical rubber goods. The general pattern of employment seems to be a sharp decline in recession followed by an increase which fails to attain its pre-recession level. In numerous cases, output rises to record levels while employment continues to lag behind.

From the various indicators that have been analyzed, it would seem quite evident that changes in general economic conditions do have very substantial effects on the rubber industry, and especially the tire and tube division. It is quite natural to expect that bargaining negotiations would reflect this impact. From the results of the contract study concerning conformity with the Big Four pattern, it appears that the union is less successful in its pattern bargaining during years of recession than in years of prosperity. Several factors would doubtless have some influence. The reluctance of the workers to strike, and the willingness of the employer to risk a strike, would be increased during periods of decreased output and employment. The traditional fear that rising wages and labor costs cause unemployment would likely come to the forefront during periods of recession. Some firms
might also argue that they have experienced a more severe impact from the economic contraction as compared with other producers in the industry, and therefore cannot be expected to meet the pattern bargain of that year.

In 1949 no wage increase was negotiated in the rubber industry. However, the union did win pension and insurance benefits which were more readily accepted by employers since they did not require an immediate addition to costs. This would suggest that economic conditions influence not only how much additional benefit is obtainable by employees, but also the specific form the benefit may take. Both 1948 and 1950 experienced considerable deviation from the pattern wage increase of the Big Four. Although 1949 was the low point of the recession, both 1948 and 1950 contained part of its impact. Of eighteen tire and tube plants, five made below-pattern settlements in 1948 and seven were below in 1950. In both years one plant gave no increase at all.

The recession of 1954 again shows an increased tendency to deviate from the pattern. In 1953 there were three plants falling below the pattern wage bargain, six in 1954, and four in 1955. One producer followed the 1954 pattern belatedly in 1955. Two plants negotiated no increase at all during the 1954 recession year. The same experience of pattern deviation is not found in the case of the 1958 recession. In this year, only two of nineteen plants made below-pattern settlements,
a record which was not surpassed by even the most prosperous years. Since the Consumer Price Index continued to rise, the 1958 recession had little effect on wages. At least the defense of falling prices could not be used by employers to avoid wage increases. Some industries had negotiated long-term contracts which provided annual wage gains and undoubtedly had an influence on those industries engaged in current negotiations in 1958.

In addition to wage changes, it also appears that economic conditions have an impact on the quasi-wage provisions which impose a direct and immediate monetary cost on the employer. For example, none of the major changes with respect to holidays or vacation provisions were introduced during years of recession. Other benefits for which the cost is postponable are more likely to be negotiated in years of recession—such benefits as pensions and certain welfare programs. Thus, it may be concluded that changes in conditions of the general economy will have an influence on the type of provisions to be negotiated, the total package cost of these benefits, as well as the degree to which various firms accept the pattern settlement made by the Big Four.
CHAPTER VII

THE SCOPE OF BARGAINING

The consideration of pattern bargaining which has been attempted in this study is but a facet of the larger question concerning the proper scope of bargaining for provisions of the labor contract. In the preceding chapter, while some reference was made to certain non-wage provisions, the measure of pattern conformity or deviation was made largely on the basis of the pattern for wage increases. This approach seemed feasible both because the wage pattern and deviations therefrom can be stated more precisely than in the case of most non-wage provisions, and because the union generally, though not always, places primary emphasis on the wage pattern. Deviations on non-wage provisions usually are more obtainable than deviations from the wage pattern. However, what is true in the case of wage negotiations is not necessarily true with reference to other provisions. Therefore, consideration will now be given to the question of the scope of bargaining for certain types of contract provisions. If pattern bargaining could be completely successful, would it be feasible or desirable to have uniformity in all contract provisions throughout the entire industry? Are some provisions better handled on a strictly local basis?
Since various levels of bargaining have been and are being used in the rubber industry, consideration will be given to each of these levels and the types of contract provisions which might be negotiated at that level of bargaining. Primary reliance for information has been placed on two sources—an analysis of selected company-wide agreements and certain local supplements, and interviews with several officials of the union and various companies. Interviews were held with the Directors of Industrial Relations (in one case the Assistant Director) of the five largest producers—Firestone, Goodrich, Goodyear, U.S. Rubber, and General. Officials of the international union who provided information included the President (who has since retired), Director of Research, and Director of the Contract Department. Because of the confidential nature of some statements, agreement was made not to identify any individual with reference to specific statements he may have made.

**Joint bargaining by the Big Four**

Although joint negotiations by the Big Four were used only in 1946 and 1947, they nevertheless provide an interesting experiment with a level of bargaining not used before or since in the rubber industry. Actually, some background apparently was laid during the war years when cases for the industry were combined by the War Labor Board. Therefore, a type of "joint bargaining" was used by both the companies and union before the War Labor Board. At least a precedent
had been set for discussion and cooperation among the companies.

At the end of the war, wage negotiations were first opened by the union with the U.S. Rubber Company. There had been a wage freeze in effect during the war, but in September of 1945 the General Executive Board of the union adopted a Seven-Point Wage and Hour Policy which called for a wage increase of 30 cents an hour. In the negotiations, U.S. Rubber agreed to a 12-cent wage increase, but would go no higher because there was no assurance the union could get the same increase from its major competitors. Negotiations were recessed, and the Big Four companies were notified by the union of its desire to negotiate with all of them at one time. Negotiations began with the representatives of the companies on February 19, 1946, with the Strategy Committee of twelve representing the Goodyear, Firestone, Goodrich, and U.S. Rubber locals, President Buckmaster, Vice-president Lloyd, and three General Executive Board members on the union side of the bargaining table. After eleven days an agreement was reached providing an 18.5-cent hourly wage increase. Various inequities were referred to local plant adjustment, as was the determination of a formula for incorporating the wage increase into the wage rates of incentive workers. Similar negotiations resulted in an 11.5-cent hourly wage increase on March 22, 1947.¹

It is of considerable interest as to why such joint bargaining would be used for two years and then discontinued. One company official stated that the companies felt they could be no worse off through joint bargaining, since no one firm could gain a particular advantage. The union desired such bargaining since their chances of getting a substantial wage increase were improved if all major competitors were giving the same increase. It also provided the union a means for setting a pattern for the industry. But after two years, apparently the companies were "fed up with it," at least in the opinion of one official. In 1948 it seems one company had decided that as a matter of management philosophy, it was not right to bargain on an industry-wide basis. Although the other three might have been willing to continue joint negotiations, they went along with this position. One argument is to the effect that such Big Four associations do nothing to develop better employee relations within the firm, but rather "cause a loss of identity with your own people and the problems affecting your own firm." The lack of uniformity among the Big Four in operations and in contract provisions, the need for an independent spokesman to represent the companies but who may not be familiar with the industry and its problems, and the difficulty for the companies to agree on their own bargaining position are all disadvantages pointed out by management representatives. There also seemed to be a fear that, while the 1946 and 1947 settlements involved wages only, it would just be a matter of time until the union would seek to include
all major provisions and to evolve a system for true industry-wide bargaining. It was mentioned that among the major industries, only in steel is there joint bargaining. In a bargaining stalemate, the entire industry is shut down and this inevitably results in government intervention. As a rule, neither labor nor management likes to have a third party involved in their bargaining negotiations.

Apparently, the union also did not object vigorously to the discontinuance of joint bargaining by the Big Four. By this time they were making headway with the acceptance of company-wide bargaining and the inclusion of many provisions in addition to wages. There also seemed to be some fear of the risk involved if the union had a fight with the Big Four combined. The unit of bargaining just seemed too big and unwieldy. Thus, the union allowed this type of bargaining to die without strong resistance. Although there have been vacillations in the attitudes of both parties, the consensus of union and management officials is that such bargaining possibly may be used again at some time in the future, but this is not very probable.

**Company-wide bargaining**

The level of bargaining which has become most common in the rubber industry is bargaining on a company-wide basis. In those instances where the company is made up of a single plant, company-wide and local bargaining obviously are one and the same. However, many
firms in the rubber industry have multiple plants, so that company-wide negotiations remove the bargaining process from the local level. All local unions to be covered by the settlement send representatives to the bargaining table, the number of representatives being based on membership of the local union (approximately one representative for each thousand members, with a maximum of seven representatives from each local). These representatives, along with officials of the international union, determine their bargaining demands and conduct negotiations with company officials. When voting whether or not to accept an offer made by the company, each representative votes the membership of his local. In order to pass, however, an offer must be favored by a majority of locals that are represented and a majority of membership. Thus, it would generally require approval by the smaller locals for an offer to pass, although the largest local might hold veto power, particularly if aligned with at least one other local. The function of the international representative in these negotiations is to advise, mediate, make suggestions, and serve as moderator. He generally serves as the union spokesman in the bargaining sessions and exerts a great deal of influence. However, the URW has traditionally had strong local autonomy, and there has been no trend toward the centralization of power in the international union. In fact, one of the frequent criticisms by management is that the union is too democratic and that international representatives cannot speak for the locals without frequent votes of
approval. This characteristic of strong local autonomy and the feeling that power should reside with the rank-and-file has been common to this union since its founding convention resisted efforts by the federation to name its officers.

While company-wide bargaining does not necessarily result in pattern bargaining, it has become the device through which the pattern is established and followed. For this purpose the URW initiates wage bargaining with one of the Big Four producers. The union chooses the "pattern-setter" by permitting one contract to expire about a week or so before the others. Selection of the firm to settle first is made on the basis of profits, the need for continued production, the firm which was struck last, and other relevant factors. In general, the union will pick the firm which it regards most vulnerable and the one most likely to grant favorable contract terms. In the postwar period, Goodyear has been chosen most frequently to set the pattern, although each of the Big Four has served this function one or more times. However, this policy is quite different from that used in automobile and steel negotiations. The United Automobile Workers bargains simultaneously with the Big Three, but keeps them guessing as to which firm would be selected for a strike in case no agreement is reached. The Steelworkers carry on joint negotiations with all major producers, and would strike all of them at once in case no settlement is made.
Even though the URW selects one firm to lead off the negotiations, generally it will bargain with each of the Big Four separately but simultaneously. Few settlements are made in any important area that are not known to the other Big Four firms. An informal research committee of the Big Four makes plans for coming negotiations, and continues communication among the bargaining groups. There is no formal agreement whereby one firm is bound to yield to the wishes of the other three, but cooperation and planning are becoming more important year after year. As a rule, no consideration is given to non-Big Four companies in deciding the terms of the pattern settlement, but the pattern has been related closely to the wage pattern of the automobile industry since World War II. Once a settlement is made by one of the Big Four, agreement by the others is reasonably automatic, although there may still be some real bargaining. Apparently, the wage settlement becomes more automatic than in the case of other contract provisions.

At the time company-wide bargaining was accepted, management was hopeful that several advantages would result. It was felt that union negotiators from the international union might be more reasonable and responsible than representatives from the local union. The international representatives would likely be better educated and more competent in understanding management problems, would be more concerned for the welfare of the total company, less sensitive to political pressures within the union, more experienced and more mature in their judgments.
Company-wide bargaining also was viewed as a possible remedy for the practice of whip-sawing by local unions, in which one local tries to outdo another with the employer caught between them.

While several management spokesmen felt that the bargaining process had been improved by the increased role of representatives of the international union, others were doubtful. One official asserted that the local union president in the setting of the local plant is quite a different person than he is when participating in company-wide negotiations, due to pressures put on him by other union representatives of the bargaining committee. The officials of the local might be willing to make concessions in cases where the plant faces financial difficulties, but such concessions may be strongly opposed by other locals who feel their position will be undermined unless there is uniformity throughout the company. On the other hand, there are also situations where pattern deviations are accepted more readily by international representatives than by representatives of the local union. A related criticism made by management is the tendency to push wages and other benefits too high for some plants. The view existed that to make something uniform, there is a tendency to take the best and bring everything else up to it, rather than achieving uniformity by means of an averaging process. In other words, the union has a tendency to take the best part of each contract and incorporate this into the master agreement.
By far the most important argument expressed by the Directors of Industrial Relations against company-wide bargaining pertains to the inclusion in the master contract of plants outside the tire and tube division. In general, the Big Four producers include all manufacturing plants which are organized by the URW in their master contracts, while unorganized plants or plants organized by other unions are not included. General, the fifth largest firm in the industry, has used "company-wide" bargaining only for its two tire and tube plants, although frequently the same provisions are negotiated for non-tire plants. The argument of the Big Four asserts that plants which produce different products, such as mechanical goods, moulded goods, heels and soles, or rubber footwear are actually in different industries from tire and tube plants, and should not necessarily get the same treatment. The problem arises when competitive firms in these industries do not follow the pattern of the Big Four, and therefore have wages and other benefits substantially below the pattern and their Big Four competitors. In many cases the pattern is far above wages prevailing in the area or community where the plants are located. These management officials made it clear that the company insists that each unit must make satisfactory profit; they see no justification for operating a plant which continues to make losses or only nominal profit. Thus, the very existence of some plants is threatened by the practice of applying the company-wide agreement to all operating units. The strength of the argument is illustrated by the
assertion that one company would probably take a strike rather than include another non-tire plant in its company-wide agreement.

That the union has been cognizant of the problem is indicated by the fact that several deviations from the pattern, or exclusions from the master contract, have been allowed for certain non-tire plants in recent years. Representatives of the international union expressed a willingness to use reason and attempt to work out a solution, particularly in cases where the company gave an honest explanation of facts to the union and also made its employees aware of the difficulties which were being faced. It seems clear that the union would prefer to make exceptions and allow deviations from the pattern rather than drive a plant out of existence. While there are several instances in which plants have ceased to operate, it is highly doubtful that labor cost was the only or even major problem, although wage increases may have speeded the demise of the plant. Solutions for this problem are not easy to find. While the companies would prefer in most cases to abandon company-wide bargaining and return to local bargaining, this arrangement is not likely to be acceptable to the union. Most management representatives indicate little opposition to applying the master contract only to tire and tube plants. This would suggest the possibility that establishing a different pattern for each division of the industry might provide a workable solution. In this case there would be uniformity only among competitive units and the chance of obtaining compliance in non-tire
divisions would be greatly improved. While the suggestion appears to have merit, it would not be a simple or easy solution. This would be especially true in the case of diversified plants which produce several different products and would thus pose the question as to which pattern should be applied. Evidence that the problem continues to be relevant is found in the negotiations for wage increases in 1961 and 1962, when larger increments were provided for workers of tire and tube plants as compared to non-tire plants.

An examination of master contracts reveals that many of the major contract provisions are being negotiated on a company-wide basis. In fact, all the provisions discussed in Chapters III, IV, and V, and in which a pattern is discernible, are included in company-wide agreements. Several factors would affect the feasibility of conducting negotiations on a company-wide level:

1. Certain provisions may be more economical in their application and administration when applied uniformly to a large group of employees on a company-wide basis as opposed to smaller groups on a local basis. This would probably include such items as insurance, pension and retirement plans, and supplemental unemployment benefits. Such economies of scale make local bargaining impractical.

2. Some provisions included in recent contracts are highly complicated from a technical standpoint and require trained experts to negotiate properly and to establish workable and effective programs.
Representatives of the international union are most likely to have the necessary competence, while most local negotiators would be completely ineffective in these areas. Uniformity among all plants may reduce problems of interpretation and make the application of such benefits more effective. Pension and retirement plans, supplemental unemployment benefits, and the technical aspects of an incentive system would be illustrative of some of the provisions for which this characteristic would apply.

3. Certain general policies may be beyond the power of local management, and authority over such policies may be centralized. Thus, negotiations with only top management on a company level could deal with such provisions. An example might be the provision for job transfers in the event a plant is closed, or the granting of union recognition upon the opening of a new plant.

4. No doubt the most important factor which dictates uniformity is competitive pressure. This would apply to wages and most money-fringe benefits which affect labor cost per unit of output. The union seeks standardization of labor costs in order to remove wages from competition. Uniformity on a company-wide basis also would be required to provide the union objective of equal pay for equal work. Oftentimes management approves such uniformity since it reduces competitive pressures and serves to provide greater stability.
While this is not an exhaustive list of factors which support company-wide negotiations, it is indicative of the fact that many important provisions may be handled better at the company level rather than in local negotiations. As several company officials asserted, it is likely that uniformity for many provisions would develop even if strictly local bargaining were used. However, while pattern bargaining is theoretically possible in a system of local bargaining, it is undoubtedly more effective and more obtainable with the conducting of bargaining negotiations on a company-wide level.

Local negotiations

Numerous rubber firms, particularly the small, single-plant firms, continue to conduct bargaining negotiations on a local basis. However, even in cases where master contracts are negotiated by multi-plant firms to apply to the entire company, some provisions are left to be handled through local bargaining. Generally, the master contract will state that matters which have been negotiated on a company-wide basis shall not be negotiated at the local plant level, except as specifically called for in the master agreement. Provisions of the company-wide agreement will supercede and render ineffective any conflicting local practices or conflicting provisions of a local agreement. Provisions of the local supplementary agreements must conform to the provisions of the master contract, except where the master contract
requires continuation of certain past practices. Thus, it is clear that, where company-wide agreements do exist, it is the company-wide agreement which takes primary importance and the local agreement is secondary. This does not mean, however, that important bargaining may not be conducted on a local basis. While international representatives of the union participate in the negotiation of master agreements, they may be present also during the negotiation of the local supplement if requested by the local union.

A list of provisions which appear in some of the local supplements for rubber plants would become exceedingly long. Rather than make such a listing, an attempt will be made to classify the various types of provisions that frequently are negotiated on a local basis, and to give some examples for each classification. While variations do exist in the items prescribed for local bargaining, most local supplements will likely include some provisions of each type. These provisions may be classified according to the reasons which account for their being negotiated at the local level.

In the first place, there are certain provisions which are left to local bargaining in order to accommodate the specific and unique characteristics of the plant. Even though plants are operated by the same firm, they may differ significantly in terms of product, size, production methods, internal organization, and the like. Perhaps the three major items which would be included for this reason in local
supplements negotiated in the rubber industry are seniority, grievance procedures, and certain aspects of wage payments and the incentive system. While the company-wide contract may set forth certain general policies concerning these provisions, the actual content is worked out on the local level. This fact is illustrated by the following paragraph from a company-wide agreement:

It is recognized that differences exist in the organization structure of the various plants and local unions. Therefore, the steps of the grievance procedure shall be determined by negotiation between local plant management and the local union and set forth in the local supplementary agreements. The provisions of such local supplements relating to the grievance procedure shall conform to the following general provisions.

All management officials who were interviewed stated that seniority was a provision which should be handled primarily on a local basis. In some cases seniority practices had been established in local plants before company-wide bargaining began, and local unions as well as the employer would be reluctant to accept company-wide uniformity. For example, there would likely be differences in the seniority plan of a single-product plant as opposed to a multi-product plant. The single-product plant might use plant-wide seniority with little difficulty, but for the multi-product plant such an arrangement might seriously hurt efficiency. If a lay-off in the tire and tube department is followed by "bumping" into other

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2 Agreement between the B. F. Goodrich Company and International Union of the United Rubber, Cork, Linoleum and Plastic Workers of America (company-wide master agreement), June 9, 1959, Article VII, Section 1d.
departments, such transfers may require a retraining program, and the worker may lack interest in the new job, particularly if he looks on it as being temporary. One spokesman asserted that seniority becomes a compromise between the thinking of the people in the plant and an evaluation by the company as to what is practical. There exists variation in the thinking of people and variation in plant conditions.

While the master contract will make provision for grievance procedures, it is generally left to local bargaining to determine such matters as the specific number of steps to be used, who participates in handling the grievance at each step, and the type of arbitration—whether a single arbitrator or three-man board. Such matters will be influenced strongly by the size of the plant and its organizational structure, as well as perhaps some local preference. Variation in plant conditions also would affect certain aspects of wage payments and the incentive system. Adjustment of intra-plant wage inequities among various occupational groups is strictly a local problem. Significant differences exist with regard to the accepted spread from skilled to unskilled workers and the relative importance of specific occupational groups in various plants. Local circumstances likewise have a bearing on wage payments under abnormal conditions of work, such as off-standard work, delay of materials, machinery breakdown, training of new employees, and the like. In some plants these conditions may arise quite frequently while in others only on rare occasions. Although incentive systems
are tending to become more uniform among plants, there remain numerous details which must be worked out on a local basis for effective application of the system.

A second type of provisions handled through local negotiations involves items which may be stated in principle by the company-wide contract, but become effective only when specific application is made by the local supplement. While these provisions may depend to some extent on variations of the local plant and are therefore similar to the first type of provisions discussed, it would appear that oftentimes it is simply not feasible to include too much detail in the master contract lest it become unwieldy. There are no doubt many specifics with which company-wide negotiators would prefer not to be concerned, and are therefore satisfied that basic uniformity will be safeguarded by the statement of general principle. Examples would include the principle of equal distribution of work among employees, and the principle that managerial personnel shall not perform work ordinarily assigned to operating employees. The application of these principles and any exceptions that may be made are worked out through local bargaining.

A third group of items which are important in local negotiations includes those provisions for which employees may have strong local preferences. In other words, all workers do not always want the same benefits. An important example in the rubber industry is the night-shift differential. In some localities most employees are accustomed to
daytime hours and require a substantial bonus for night-shift work. In other places, such as Akron, shift work is quite common and small wage differentials are necessary. Some plants find it desirable to pay the same shift differential as other major industries in the area in which they operate. Additional items which would likely be geared to local preferences include lunch-period practices, normal workday and work-week, designation of the seventh holiday (six are prescribed by the master contract), and time of plant shutdown for vacations. In many cases management may be indifferent as to the specific determination of these provisions—that is, there may be no advantage in having uniformity throughout the company and no effect on cost. For example, the cost to the employer presumably would be the same, regardless of whether the seventh holiday is Good Friday or Washington's Birthday. However, such provisions may make a significant difference to employees whose preferences are more likely to be followed by local negotiations rather than bargaining which results in uniformity on a company-wide basis.

A final group of provisions is miscellaneous in nature and represents primarily joint administration by labor and management of certain practices. While on occasion these items may become important to management or the employees, they are ordinarily regarded as minor. Examples would include time-off allowed or closing of the plant for the local union picnic, rules relating to safety equipment, bulletin board
notices, and notations on employee records. Much of this is simply administrative detail which has some relation to employees and in which the union desires to have a voice.

In general, management representatives expressed a preference for local bargaining, although there was an admission by some of having "mixed feelings." One official suggested they might not want to return to local bargaining now that provisions were uniform. However, there did not seem to be too much dissatisfaction with the separation of provisions between company-wide bargaining and local bargaining, with the major exception that several company spokesmen strongly favored that wage negotiations be done on a local rather than company basis in order to give more consideration to conditions of the local labor market and to avoid uniformity among plants producing different products. On the other hand, the union has preferred company-wide bargaining and has attempted to extend such bargaining both in its acceptance by additional firms and by the inclusion of more provisions in the company-wide agreements. The union has not, however, sought to eliminate the area for local bargaining and has even preserved considerable local influence in company-wide negotiations. In fact, the provisions still left to local bargaining can have great effects on the working procedures of a plant, and in turn influence its efficiency, cost of operating, and profitability.
A case for multi-dimensional bargaining

After this survey of the bargaining practices which are used in the rubber industry, it can be seen that negotiations take place on various levels and that the bargaining process is thus multi-dimensional. In summary, there are essentially three different levels at which bargaining for various provisions may occur:

1. Provisions for which there is a very strong degree of pattern conformity are the subject of real bargaining only at the time the pattern is established. While the pattern is normally set when the first Big Four firm agrees to a settlement, this firm does not bargain in isolation but in close communication with other Big Four producers. Once the first settlement is made, other Big Four firms generally follow in rapid succession with an almost identical contract. Company-wide negotiations with non-Big Four firms will involve normal bargaining procedures, but in many cases acceptance of the pattern is almost a foregone conclusion, especially for certain provisions. Industry-wide uniformity is desired primarily as a means to reduce competitive pressures, and is therefore most likely to involve wages and other monetary benefits.

2. Certain provisions may not be subject to industry-wide patterns, but are negotiated in company-wide bargaining due to the desirability of having uniform practices among all plants within a given firm. This might be true for such items as insurance, pension plans, general provisions for grievance procedures, and incentive systems. Here, the
advantages of company-wide negotiations would include the possibility of having expert, technical knowledge to bargain intelligently, and the economy found in applying such provisions to large groups of workers. However, real bargaining may be found in the negotiation of each master agreement, since the advantage of uniformity is primarily company-wide rather than industry-wide. There would be no automatic acceptance of a provision simply because it had been included in the settlement of other firms.

3. Matters which are not covered by company-wide agreements are handled through local bargaining. Local supplements cover issues which should not be uniform on an industry-wide or company-wide basis, but should reflect variations in conditions within the local plant and local preferences among employees. The details of seniority, steps of the grievance procedure, and wage payments under abnormal circumstances are examples of provisions which must be worked out in local negotiations if they are to have effective application with the local plant setting. Since there is no reason to imitate a company-wide or industry-wide pattern, serious bargaining on these issues is truly local in scope.

While not without weakness, this system of multi-dimensional bargaining does seem to be proving workable and at least fairly acceptable to both parties. This is not to say that complaints may not be voiced by both labor and management, nor that continuous revisions may not be desirable to improve the bargaining procedures and adapt them to
changing conditions. It is felt, however, that there are valid reasons for handling various provisions at different bargaining levels, and that these reasons are largely economic in nature. Although the bargaining process as used by the United Rubber Workers may not be ideal or the best plan for all industries, this analysis does suggest that those who would regiment the scope of bargaining by placing arbitrary limits may be in error. There is no reason why the scope of bargaining should be the same for all contract provisions or in all industries.
CHAPTER VIII

SUMMARY AND CONCLUSIONS

This study has sought to examine and analyze the practice of pattern bargaining by the United Rubber Workers in their negotiations with the firms of the rubber industry, or more specifically, with two major divisions of the industry--tires and tubes, and rubber footwear. Such pattern bargaining has been regarded as part of the trend toward increased centralization of the bargaining process, and involves the broader question concerning the scope of bargaining. It is felt that increased understanding of bargaining practices may not only enable improvements of the bargaining process by labor and management, but will provide the insight for the formulation of effective public policies.

In order to understand the framework within which bargaining takes place, an attempt has been made to survey the development of the industry and the union, noting the relevant characteristics of each, and examining the bargaining relationships between the two parties. Although the first rubber factory in the United States had its beginning in 1832, it was not until 1870 that Dr. B. F. Goodrich moved a plant to Akron, Ohio, which was soon to become the rubber capital of the world. However, expansion and decentralization have resulted in the building of rubber
factories throughout the nation. The development of the industry has been closely related to the development of the automobile industry and the demand for tires, although numerous rubber products--both industrial and consumer goods--are being produced at the present time. The economical production of synthetic rubber was largely in response to the demands of World War II, although continuous technological improvements have characterized the industry. Other major characteristics include the large scale of operations, domination of the industry by the Big Four producers, separation of the tire market for original equipment demand and replacement demand, and the postwar decline of employment in both the tire and tube division and rubber footwear division of the industry.

Although numerous attempts at organization occurred earlier, the present union of United Rubber Workers did not have its beginning until 1935. With strong opposition from employers and a refusal to grant recognition of the union, numerous strikes, sometimes accompanied by incidents of violence, took place in the prewar period. Although frowned upon by the international union, the sit-down strike was the unique "contribution" of rubber workers as a technique for persuading reluctant management to grant their demands. The first contract negotiated with a major rubber producer was signed by Firestone on April 28, 1937. By the end of World War II, collective bargaining between labor and management had become an accepted reality, and was the recognized
means of determining terms of employment in the rubber industry. It was at this time that the union began another step— that of seeking uniformity in labor contracts negotiated with various companies through the practice of pattern bargaining.

Using the settlement negotiated with the Big Four producers as the pattern, an examination of contracts has been made for the tire and tube division and the rubber footwear division for the postwar period, 1946 through 1960. With regard to wage increases, a very high degree of conformity to the Big Four pattern has been found among tire and tube producers, with only two small firms showing a persistent tendency to deviate from the pattern. The degree of conformity did vary from one year to another, with the most numerous deviations occurring in years affected by the recessions of 1949 and 1954. However, in the rubber footwear division, the contract survey revealed an almost complete lack of conformity, although two or three of the firms attempted to follow some of the early postwar patterns. Essentially the same picture is found by comparing the total of wage increases for the entire fifteen-year period for each firm with the total of increases granted by the Big Four. The high degree of pattern-following among tire and tube producers, however, has not brought about uniformity in wage levels; there is considerable variation in the level of plant-wide average hourly earnings, both among plants of the Big Four and among plants of non-Big Four producers.
The term "quasi-wages" has been used to apply to those fringe benefits which have a cost and benefit which are immediate and definite, and include vacation provisions, holidays, and various types of premium pay. The four major changes in vacation provisions made during the 1946-1960 period were followed by most tire and tube producers shortly after their acceptance by the Big Four. A few firms were a little late in making these changes, but by 1960 only three tire producers made substantial deviations from the vacation provisions of the Big Four. Among footwear producers, pattern conformity for vacation provisions was quite weak. Even though changes sometimes were made, these changes often did not take the form of the Big Four provisions. In fact, by 1960 only one footwear producer had total vacation provisions precisely the same as the Big Four, with two other firms deviating only slightly.

Two major improvements in holiday provisions were made by the Big Four—the change in payment for holidays from double time to triple time in 1951, and the increase in the number of holidays from six to seven in 1955. Both changes were widely accepted by tire and tube producers, the degree of pattern-following being somewhat stronger for the increase in the number of holidays. In 1960, only one tire producer remained below the Big Four provisions for holidays. In general, footwear producers tend to fall below the Big Four pattern with regard to the amount of payment, but several exceed the Big Four in the number
of holidays provided. The considerable variation in holiday payment provisions among footwear producers suggests there is little conformity to the pattern.

An analysis of premium pay provisions presents an interesting example of contrasts. All firms in both divisions follow the same practices of overtime pay; all but one firm in each division are uniform with respect to Sunday premium pay; more variation exists in the provision for Saturday premium pay, with footwear producers more frequently making this provision than tire producers. However, no major changes have been made by the Big Four during the period of the study. While shift differentials have been increased, much variation exists and there is little evidence of any pattern; oftentimes this item is left for local negotiations rather than included in the company-wide agreement. Payments for time lost due to special conditions include jury duty pay, funeral pay, and military encampment pay. These benefits were negotiated by the Big Four during the period, and accepted by all but two of the tire producers. Only one footwear producer provided all three types of special payments, while four still did not provide any as late as 1960.

Welfare benefits common in the rubber industry include several types of insurance, pension and retirement programs, and supplemental unemployment compensation. Group life insurance plans are prevalent in both the tire and footwear divisions, but the level of coverage is considerably lower among footwear producers. By 1959 fifteen of the
eighteen tire and tube plants had a sickness and accident insurance system which appeared equivalent to the plans of the Big Four. Only one footwear producer had an equivalent plan, although five others had plans which provide lower benefits. An almost identical situation exists with respect to group hospitalization insurance, suggesting a substantial degree of conformity among tire and tube plants, but little tendency to follow the pattern on the part of footwear producers.

Much variation exists in the retirement and pension plans of different firms, and valid comparisons are extremely difficult to make. A somewhat arbitrary evaluation for tire producers as of 1960 would classify four plans as equivalent to that of the Big Four, four as slightly better, and nine as being less adequate. While three producers in the footwear division have no retirement program at all, the six plans which are in effect are considerably less adequate than the Big Four plans, both with respect to eligibility requirements and the level of benefits. Perhaps the strongest pattern exists in the case of supplemental unemployment benefits, with only two tire producers without these benefits in 1960, and all plans being identical. However, there is a complete absence of following among footwear firms since none have negotiated this additional benefit.

The contract survey regarding the degree of pattern conformity for various contract provisions has been followed by a consideration of certain economic forces which might have an effect on the likelihood of
conformity with or deviations from the pattern. Perhaps the most important of the factors affecting the extent of pattern-following is the nature of the product. Firms of the rubber industry produce not one, but many products; a firm producing one product may face very different conditions of supply and demand compared with a firm which produces a completely different product. This is felt to be the major reason why footwear producers do not follow the pattern which is widely accepted by tire and tube producers. Similar conditions to a modified degree exist for diversified plants producing multiple products. Insistence of uniform acceptance of the same pattern by firms producing different products would be a denial of all the economic forces of the product market.

Differences in geographic location may result in differences in conditions of the labor market. Examination of data for 1960 reveals that there is wide variation among wage levels paid by tire and tube producers, and also wide variation among different geographic areas with regard to average earnings in manufacturing and median income levels. There appears to be some correlation between average earnings in tire and tube plants and average earnings for all manufacturing workers in the area. But there are exceptions. In some cases a firm may be reluctant to follow a patterned wage increase if this will push rates considerably above those found in similar employments; a firm in a low-wage area also may deviate from the pattern simply because the
higher wage rates are not necessary to attract and hold an adequate labor supply. It is suggested, however, that firms located in the vicinity of Akron face stronger pressures for following the pattern.

While the effect of size on firms in the rubber industry is not clear, there does appear to be some relationship between the extent of pattern-following and the size of firms. In the tire and tube division, it was found that deviations from the Big Four pattern occur more frequently among small firms, and the degree of deviation is likely to be greater as compared with large firms. The two firms which were found to be consistent deviators were both small, having less than five hundred employees. On the other hand, some small firms do consistently follow the Big Four pattern, and some larger firms are found to deviate on occasion. While it appears that small firms are more likely to deviate, there is no inherent reason why they must do so.

With regard to profit as a per cent of sales, again the effect on the degree of conformity to the Big Four pattern is not clear. In attempting to analyze the cases where profit ratios are either negative or extremely low, it is possible to find instances where some deviation from the pattern did occur, but there are also instances in which firms followed the precise settlement of the Big Four even though current profit ratios were extremely low. Substantial deviations from the pattern were made at times by producers having very favorable profit ratios. However, low profits or lack of ability-to-pay do seem to have
greater influence in extreme cases where the survival of the firm is clearly threatened. In such cases, the union is more inclined to allow concessions, especially in the case of smaller firms which do not have important effects on the success of pattern bargaining among other firms in the industry.

Several indicators of general economic conditions have been examined, including the Federal Reserve Index of Production, consumer and wholesale prices, net income in relatives, output per man-hour, investment in new plant and equipment, and employment levels. From comparisons between the rubber industry and the general economy, these indicators give evidence that changes in general economic conditions do have substantial effects on the rubber industry. The tire and tube division is even more sensitive to general economic fluctuations than the rest of the industry. Results of the contract study suggest that the union is less successful in its pattern bargaining during years of recession than in years of prosperity. Both the 1949 and 1954 recessions apparently led to a greater number of deviations from the pattern; this was not true in the recession of 1958 due probably to the stability of prices. Changes in conditions of the general economy also tend to have an effect on the type of provisions to be negotiated, with direct-money benefits being replaced in years of recession by various welfare programs for which the cost is postponable.
Pattern bargaining may be regarded as a type of bargaining which shifts the scope of negotiations to a broader unit and tends to centralize the bargaining process. It is with a consideration of the larger question concerning the proper scope of bargaining that this study concludes. While an experiment was made with joint bargaining by the Big Four in 1946 and 1947, these joint negotiations apparently have been rejected in favor of pattern bargaining as a means of achieving uniformity on an industry-wide basis. It is through the device of company-wide negotiations that the pattern is set and followed, although theoretically, patterns could be followed even through local bargaining. Several factors make company-wide negotiations feasible for certain provisions: the economy of applying uniform provisions to a large group of workers, the greater likelihood of effective bargaining and application for provisions which have technical complexity, the lack of power by local management to make some policy decisions, and the decrease of competitive pressures which result from a standardization of labor costs. The greatest problem which results from company-wide bargaining is the imposition of uniform wage increments and fringe costs upon unlike units--plants producing different products and facing different conditions of demand and costs.

Even though company-wide negotiations have become increasingly prevalent in the rubber industry, there remain certain issues which are handled on a local basis. While local bargaining is supplementary in
nature and secondary to company-wide bargaining, there are still some important areas dealt with in the local supplement which can have significant impact on working arrangements and the efficiency of operations. Factors which justify local bargaining for certain provisions include the necessity to accommodate the specific and unique characteristics of the plant, the specific application of general principles which would make the master contract too cumbersome, the desirability of adjusting benefits to conform with the local preferences of workers, and the possibility of joint administration by labor and management for relatively minor rules and practices.

Thus, there are some provisions for which industry-wide uniformity is sought through pattern bargaining, other issues which are uniform on a company-wide basis through master agreements but may differ among the firms of the industry, and still other matters that are handled locally and may differ from one plant to another even in the same company. Since there are reasons which support the handling of various provisions at these different levels, a system of multi-dimensional bargaining may have more advantages and fewer disadvantages than bargaining on a single level, be it local, company-wide, or industry-wide. At any rate, this appears to be a workable system of bargaining within the rubber industry.
From this study of pattern bargaining in the rubber industry and an analysis of related data, the following conclusions would seem to be warranted:

1. The United Rubber Workers have been quite successful in obtaining conformity to the Big Four pattern in the tire and tube division of the rubber industry, but have attained little success for conformity among rubber footwear producers. In general, it appears the extent of pattern-following is very weak outside the tire and tube division.

2. Even among tire and tube producers, numerous deviations have occurred during the 1946-1960 period. This would indicate there has not been a strong attempt on the part of the union to force the same pattern upon all firms regardless of their differences, but rather, it has been willing to make concessions and allow deviations under special circumstances. Economic forces have also checked the ability of the union to obtain compliance with the pattern in certain instances. Apparently, the URW for the most part has been characterized by reasonable and responsible policies concerning the enforcement of the pattern.

3. Causes of pattern conformity and deviation are largely economic in nature. Although worked out through an institutionalized bargaining process in which both sides apply the maximum bargaining power, it nevertheless is felt that the bargaining power of each side will be largely a reflection of certain basic economic forces. The
analysis of economic forces in this study would seem to justify the following ranking in order of their importance for pattern bargaining:

(a) Nature of the product
(b) General economic conditions
(c) Geographic location and conditions of the labor market
(d) Size of the firm
(e) Profits or ability-to-pay

4. Examination of specific contract provisions suggests that some are handled better on a strictly local basis, others may be more effective when negotiated on a company-wide level, and still others should follow industry-wide patterns. There are real and justifiable reasons for negotiating these provisions at different levels; there is no reason why the scope of bargaining should be the same for all contract provisions. Thus, multi-dimensional bargaining appears both logical and workable in the rubber industry.

5. Some solution must be found to the problem which results from applying the pattern of the tire and tube division to non-tire plants. Since conformity to the pattern has not been successful outside the tire and tube division, and since economic analysis could not justify applying the same pattern on firms in different industries, it would appear that separate patterns, at least with respect to wage increases, should be established for each major product or division of the rubber industry. This should strengthen the degree of conformity in each division, and reduce the number of concessions or deviations that are necessary.
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In 1958 I accepted a position as Assistant Professor at the University of Richmond, Richmond, Virginia, where I taught for three years. In 1961 I joined the faculty of East Tennessee State University and now hold the position of Associate Professor in the Department of Economics. I was on leave of absence during the 1963-64 academic year in order to complete my doctoral dissertation at The Ohio State University.